

**DEVELOPER'S PUBLIC REPORT
FOR A CONDOMINIUM**

CONDOMINIUM PROJECT NAME	THE VILLAS AT KEHALANI – PHASE II (Report covers Phase II consisting of 94 of 103 units)
Project Address	Located directly next to Kehalani Parkway Wailuku, Maui, Hawaii 96793
Registration Number	6712
Effective Date of Report	November 10, 2008
Developer(s)	Kehalani 511 – Maui, LLC

Preparation of this Report

The Developer prepared this report to disclose relevant information, including “material facts”, that are reasonably known to the Developer about the condominium project covered by this report. This report has been prepared pursuant to the Condominium Property Act, Chapter 514B, Hawaii Revised Statutes, as amended from time to time. The law defines “material facts” to mean “any fact, defect, or condition, past or present that to a reasonable person, would be expected to measurably affect the value of the project, unit, or property being offered or proposed to be offered for sale.”

This report has not been prepared or issued by the Real Estate Commission or any other governmental agency. The issuance by the Commission of an effective date for this Developer's Public Report (1) does not mean that the Commission approves or disapproves of the project; (2) does not mean that the Commission thinks that either all material facts or all pertinent changes, or both, about the project have been fully or adequately disclosed; and (3) is not the Commission's judgment of the value or merits of the project.

This report may be used by the Developer for promotional purposes only if it is used in its entirety. No person shall advertise or represent that the Commission has approved or recommended the project, this report or any of the documents submitted with Developer's application for registration of this project.

This report will be amended if, after the effective date of this report, any changes, either material or pertinent changes, or both, occur regarding the information contained in or omitted from this report. In that case, the Developer is required to submit immediately to the Commission an amendment to this report or an amended Developer's Public Report, clearly reflecting the changes, including any omitted material facts, together with such supporting information as may be required by the Commission. In addition, the Developer may choose at any time to change or update the information in this report. Annually, at least thirty days prior to the anniversary date of the Effective Date of this report, the Developer shall file an annual report to update the material contained in this report. If there are no changes, the Developer is required to state that there are no changes. The Developer's obligation to amend this report or to file annual reports ends when the initial sales of all units in the project have been completed.

Purchasers are encouraged to read this report carefully and to seek professional advice before signing a sales contract for the purchase of a unit in the project.

Signing a sales contract may legally bind a purchaser to purchase a unit in the project, though a purchaser may have rights to cancel or rescind a sales contract under particular circumstances that may arise.

This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2643 to submit your request.

SPECIAL ATTENTION

[Use this page for special or significant matters which should be brought to the purchaser's attention and that are not covered elsewhere in this report]

The Villas at Kehalani – Phase II

The entire condominium project described in the Declaration contains a total of 103 units. The Developer, for registration purposes, will separate the total units in the Project into groups covered by multiple Public Reports in order to accommodate changing construction and/or marketing strategies. This Report, therefore, currently covers Phase II, which consists of 94 of the 103 Units in the Project.

The following 94 units are in Phase II: 401, 402, 501, 502, 503, 504, 601, 602, 603, 604, 701, 702, 703, 801, 802, 803, 901, 902, 903, 904, 1001, 1002, 1003, 1004, 1101, 1102, 1103, 1104, 1201, 1202, 1203, 1301, 1302, 1303, 1401, 1402, 1403, 1404, 1501, 1502, 1503, 1504, 1601, 1602, 1603, 1701, 1702, 1703, 1704, 1801, 1802, 1803, 1901, 1902, 1903, 2001, 2002, 2003, 2004, 2101, 2102, 2103, 2104, 2201, 2202, 2203, 2204, 2301, 2302, 2303, 2401, 2402, 2403, 2501, 2502, 2503, 2601, 2602, 2603, 2604, 2701, 2702, 2703, 2801, 2802, 2803, 2804, 2901, 2902, 2903, 2904, 3001, 3002 and 3003

Construction and Marketing in Phases

The Developer is amending the initial Public Report for the Project (Reg. No. 6199) to cover only Phase I or 9 units in the Project. This Phase II Public Report covers the remaining 94 Units in the Project. The Developer intends to eventually bifurcate this Phase II filing into multiple phases once sales and marketing and construction schedules are finalized. Phase II will likely eventually be separated into up to nine (9) separate phases under up to nine (9) separate Public Reports.

The Developer hereby discloses that although separate Public Reports may eventually be filed and issued for each phase of the Project, which may consist of up to a total of ten (10) separate phases, all 103 units, or the lesser number actually constructed, still legally comprise a single legal condominium project on the land described in Section 1.1. In other words, the act of separating the various units into different marketing and sales phases does not create separate and distinct condominium projects, but only creates separate "projects" for Public Report registration purposes. Each phase will not be considered a separately owned or administered project. The exact unit numbers covered by this Public Report are listed below. Accordingly, the Project is subject to one condominium declaration, which has the common elements described in Exhibit "D", one bylaws, one house rules and one condominium map.

The Developer intends to construct and sell the Project phase by phase and currently intends to complete all phases in the Project. The Developer currently intends to concurrently construct the common elements throughout the construction of each phase and, as a result, the common element areas will not all be completed at the same time. Purchasers should be aware that all of the common element areas may not be completed and available for Purchaser's use until after Purchaser closes on Purchaser's unit and for a period of time thereafter. Note, however, that pursuant to Developer's reserved rights in the Declaration to alter the number of buildings and units in the Project, the Developer may readjust the number of phases in the Project, the number of units per phase or may not complete all phases of the Project.

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General Information On Condominiums

A condominium is a special form of ownership of real property. To create a condominium in Hawaii after July 1, 2006, the Condominium Property Act, Chapter 514B, Hawaii Revised Statutes, must be followed. In addition, certain requirements and approvals of the county in which the project is located must be satisfied and obtained.

Some condominium projects are leasehold. This means that the land and/or the building(s) and other improvements are leased to the purchaser. The lease for the land usually requires that at the end of the lease term, the lessees (unit owners) deliver their interest in the land to the lessor (fee property owner).

If you are a typical condominium unit owner, you will have two kinds of ownership: (1) ownership in your individual unit; and (2) a percentage interest in the common elements.

You will be entitled to exclusive ownership and possession of your unit. Subject to the documents governing them, condominium units may be individually bought, sold, rented, mortgaged or encumbered, and may be disposed of by will, gift or operation of law.

Your unit will, however, be part of the group of units that comprise the condominium project. Study the project's Declaration of Condominium Property Regime, Bylaws of the Association of Unit Owners, Condominium Map and House Rules, if any, which are being concurrently delivered to you with this report. These documents contain important information on the use and occupancy of the units and the common elements of the project, as well as the rules and regulations of conduct for unit owners, tenants and guests.

Operation of the Condominium Project

The Association of Unit Owners is the entity through which unit owners may take action with regard to the administration, management and operation of the condominium project. Each unit owner is automatically a member of the Association.

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as a unit owner. The Board and officers can take certain actions without the vote of the unit owners. For example, the Board may hire and fire employees, increase or decrease maintenance fees, adopt budgets for revenues, expenses and reserves and regulate the use, maintenance, repair and replacement of common elements. Some of these actions may significantly impact the unit owners.

Until there is a sufficient number of purchasers of units to elect a majority of the Board, it is likely at first that the Developer will effectively control the affairs of the Association. It is frequently necessary for the Developer to do so during the early stages of development and the Developer may reserve certain special rights to do so in the Declaration and Bylaws. Prospective purchasers should understand that it is important to all unit owners that the transition of control from the Developer to the unit owners be accomplished in an orderly manner and in a spirit of cooperation.

1.1 The Underlying Land

1.2 Buildings and Other Improvements

* These are only describing the buildings containing units in this Phase II filing. The total number of buildings in the overall Project is also noted above.

[illegible]

*Only 94 units are covered by this Phase II filing. The overall project consists of 103 units. Phase I will consist of 9 units.

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1.4 Parking Stalls

Total Parking Stalls in the Project:	Phase II: 188; Total Project: 206*
Number of Guest Stalls in the Project:	20 **
Number of Parking Stalls Assigned to Each Unit:	two-car garage and driveway parking
Attach Exhibit _____ specifying the Parking Stall number(s) assigned to each unit and the type of parking stall(s) (regular, compact or tandem and indicate whether covered or open).	
If the Developer has reserved any rights to assign or re-assign parking stalls, describe such rights.	
Upon completion of each phase, there will be enough parking stalls to accommodate all Owners in the phase.	

*The 188 stalls for Phase II and 206 stalls overall include the 2 stalls located within each Unit's two-car garage. In addition, each owner can park in such owner's respective limited common element driveways.

** The guest stalls are located street-side throughout the Project.

1.5 Boundaries of the Units

Boundaries of the unit: See Exhibit "B".
--

1.6 Permitted Alterations to the Units

Permitted alterations to the unit (if the unit is defined as a non-physical or spatial portion of the project, also describe what can be built within such portion of the project): See Exhibit "C".
--

1.7 Common Interest

<u>Common Interest:</u> Each unit will have appurtenant to it a percentage interest in the common elements of the project. This interest is called the "common interest." It is used to determine each unit's share of the maintenance fees and other common profits and expenses of the condominium project. It may also be used for other purposes, including voting on matters requiring action by unit owners. The common interest for each unit in this project, as described in Declaration, is:	
Described in Exhibit "A".	
As follows:	

1.8 Recreational and Other Common Facilities (Check if applicable): *

	Swimming pool
	Laundry Area
	Storage Area
	Tennis Court
	Recreation Area
	Trash Chute/Enclosure(s)
	Exercise Room
	Security Gate
	Playground
X	Other (describe): group mailbox structure

*The Developer currently intends to concurrently construct the common element areas throughout the construction of each phase. As such, Owners should be aware that all of the common areas may not be completed and available for owner's use until after Owner closes and for a period of time thereafter.

1.9 Common Elements

Common Elements: Common elements are those parts of the condominium project other than the individual units and any other real estate for the benefit of units in the project. Although the common elements are owned jointly by all unit owners, those portions of the common elements that are designated as limited common elements (see Section 1.10 below) may be used only by those units to which they are assigned. In addition to the common facilities described in Section 1.8 above, the common elements for this project, as described in the Declaration, are set forth below.

Described in Exhibit "D"

Described as follows:

Common Element	Number
Elevators	0
Stairways	(only those located within each two-story unit)
Trash Chutes	0

1.10 Limited Common Elements

Limited Common Elements: A limited common element is a portion of the common elements that is reserved for the exclusive use of one or more but fewer than all units in the project.

Described in Exhibit "E"

Described as follows:

1.11 Special Use Restrictions

The Declaration and Bylaws may contain restrictions on the use and occupancy of the units. Restrictions for this project include, but are not limited to, those described below.

<input checked="" type="checkbox"/>	Pets: As described in the House Rules
<input checked="" type="checkbox"/>	Number of Occupants: As described in the House Rules
<input type="checkbox"/>	Other:
<input type="checkbox"/>	There are no special use restrictions.

1.12 Encumbrances Against Title

An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of a unit in the project. Encumbrances shown may include blanket liens which will be released prior to conveyance of a unit (see Section 5.3 on Blanket Liens).

Exhibit "F" describes the encumbrances against title contained in the title report described below.

Date of the title report: September 15, 2008

Company that issued the title report: Island Title Corporation

1.13 Uses Permitted by Zoning and Zoning Compliance Matters

Uses Permitted by Zoning				
	Type of Use	No. of Units	Use Permitted by Zoning	Zoning
x	Residential	Phase II: 94 Total Project: 103	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	PD-WK/3
	Commercial		<input type="checkbox"/> Yes <input type="checkbox"/> No	
	Mix Residential/Commercial		<input type="checkbox"/> Yes <input type="checkbox"/> No	
	Hotel		<input type="checkbox"/> Yes <input type="checkbox"/> No	
	Timeshare		<input type="checkbox"/> Yes <input type="checkbox"/> No	
	Ohana		<input type="checkbox"/> Yes <input type="checkbox"/> No	
	Industrial		<input type="checkbox"/> Yes <input type="checkbox"/> No	
	Agricultural		<input type="checkbox"/> Yes <input type="checkbox"/> No	
	Recreational		<input type="checkbox"/> Yes <input type="checkbox"/> No	
	Other (specify)		<input type="checkbox"/> Yes <input type="checkbox"/> No	
Is/Are this/these use(s) specifically permitted by the project's Declarations or Bylaws?			<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Variances to zoning code have been granted.			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Describe any variances that have been granted to zoning code.				

1.14 Other Zoning Compliance Matters

Conforming/Non-Conforming Uses, Structures and Lots
<p>In general, a non-conforming use, structure or lot is a use, structure or lot that was lawful at one time but that does not now conform to present zoning requirements. Under present zoning requirements, limitations may apply to extending, enlarging or continuing the non-conformity and to altering and repairing non-conforming structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.</p> <p>If a variance has been granted or if uses, structures or lots are either non-conforming or illegal, the purchaser should consult with county zoning authorities as to possible limitations that may apply in situations such as those described above.</p> <p>A purchaser may not be able to obtain financing or insurance if the condominium project has a non-conforming or illegal use, structure or lot.</p>

	Conforming	Non-Conforming	Illegal
Uses	X		
Structures	X		
Lot	X		

<p>If a non-conforming use, structure or lot exists in this project, this is what will happen under existing laws or codes if the structure is damaged or destroyed:</p>
--

1.15 Conversions

Developer's statements regarding units that may be occupied for residential use and that have been in existence for five years or more.	<p>_____ Applicable</p> <p><u> X </u> Not Applicable</p>
Developer's statement, based upon a report prepared by a Hawaii-licensed architect or engineer, describing the present condition of all structural components and mechanical and electrical installations material to the use and enjoyment of the units:	
Developer's statement of the expected useful life of each item reported above:	
List of any outstanding notices of uncured violations of any building code or other county regulations:	
Estimated cost of curing any violations described above:	

Verified Statement from a County Official
<p>Regarding any converted structures in the project, attached as Exhibit _____ is a verified statement signed by an appropriate county official which states that either:</p> <p>(A) The structures are in compliance with all zoning and building ordinances and codes applicable to the project at the time it was built, and specifying, if applicable:</p> <ul style="list-style-type: none"> (i) Any variances or other permits that have been granted to achieve compliance; (ii) Whether the project contains any legal nonconforming uses or structures as a result of the adoption or amendment of any ordinances or codes; and (iii) Any violations of current zoning or building ordinances or codes and the conditions required to bring the structure into compliance; <p>or</p> <p>(B) Based on the available information, the county official cannot make a determination with respect to the foregoing matters in (A) above.</p>
Other disclosures and information:

1.16 Project In Agricultural District

Is the project in an agricultural district as designated by the land use laws of the State of Hawaii? If answer is "Yes", provide information below. ____	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Are the structures and uses anticipated by the Developer's promotional plan for the project in compliance with all applicable state and county land use laws? ____ Yes ____ No If the answer is "No", provide explanation.	
Are the structures and uses anticipated by the Developer's promotional plan for the project in compliance with all applicable county real property tax laws? ____ Yes ____ No If the answer is "No", provide explanation and state whether there are any penalties for noncompliance.	
Other disclosures and information:	

1.17 Project with Assisted Living Facility

Does the project contain any assisted living facility units subject to Section 321-11(10), HRS? If answer is "Yes", complete information below. ____	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Licensing requirements and the impact of the requirements on the costs, operations, management and governance of the project.	
The nature and the scope of services to be provided.	
Additional costs, directly attributable to the services, to be included in the association's common expenses.	
The duration of the provision of the services.	
Other possible impacts on the project resulting from the provision of the services.	
Other disclosures and information.	

2. PERSONS CONNECTED WITH THE PROJECT

2.1 Developer	<p>Name: Kehalani 511-Maui, LLC Business Address: C/O 781 Lincoln Avenue, Suite 300 San Rafael, California 94901</p> <p>Business Phone Number: (415) 257-3602 E-mail Address: N/A</p>
<p>Names of officers and directors of developers that are corporations; general partners of a partnership; partners of a limited liability partnership (LLP); or a manager and members of a limited liability company (LLC) (attach separate sheet if necessary).</p>	<p>Manager: Hearthstone, Inc. (see next page for list of officers)</p> <p>Member(s): Hearthstone Housing Partners II, LLC Stanford Carr Development, LLC</p>
2.2 Real Estate Broker	<p>Name: Pacific Island Realty, LLC Business Address: 1100 Alakea Street, 27th Floor Honolulu, Hawaii 96813</p> <p>Business Phone Number: (808) 521-4009 E-mail Address: laurie@stanfordcarr.com</p>
2.3 Escrow Depository	<p>Name: Island Title Corporation Business Address: 1132 Bishop Street, Suite 400 Honolulu, Hawaii 96813</p> <p>Business Phone Number: (808) 531-0261</p>
2.4 General Contractor	<p>Name: Inter Island Home Builders Business Address: 1100 Alakea Street, Suite 1680 Honolulu, Hawaii 96813</p> <p>Business Phone Number: (808) 547-2290</p>
2.5 Condominium Managing Agent	<p>Name: Hawaiiana Management Company, Ltd. Business Address: 711 Kapiolani Boulevard, Suite 700 Honolulu, Hawaii 96813</p> <p>Business Phone Number: (808) 593-6896</p>
2.6 Attorney for Developer	<p>Name: Imanaka Kudo and Fujimoto LLLC Business Address: 745 Fort Street, 17th Floor Honolulu, Hawaii 96813 Attn: Mitchell A. Imanaka, Esq./Nikki T. Senter, Esq. Business Phone Number: (808)521-9500</p>

List of officers of Hearthstone, Inc.:

<u>Name</u>	<u>Office</u>
BRUIN, THOMAS G	P/CIO/D
PORATH, MARK A	P/CFO/D
CARVER, TRACY T	EV/GC/S/D
BOTTE, ANTHONY	SRV/D
GILMORE, CYNTHIA	SRV
AUSLEY, MARK	V
BRITTAIN, DAVID	V
BORO, LAUREN	V/ASGC
MELTZ, ROBERT	CHTO
NEMECEK, NANCY	V
BRUNSTING, BRYCE	V
GERTINO, JEFFREY	V/IO
BLACK, STEVEN	D
LOEB, HAMILTON	D

3. CREATION OF THE CONDOMINIUM AND CONDOMINIUM DOCUMENTS

A condominium is created by recording in the Bureau of Conveyances (Regular System) or filing in the Office of the Assistant Registrar of the Land Court, or both, a Declaration of Condominium Property Regime, a Condominium Map and the Bylaws of the Association of Unit Owners. The Condominium Property Act (Chapter 514B, HRS), the Declaration, Bylaws and House Rules control the rights and obligations of the unit owners with respect to the project and the common elements, to each other, and to their respective units.

3.1 Declaration of Condominium Property Regime

The Declaration of Condominium Property Regime contains a description of the land, buildings, units, common interests, common elements, limited common elements, and other information relating to the condominium project.

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	December 12, 2006	2006-229725

Amendments to Declaration of Condominium Property Regime

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	April 16, 2007	2007-069869
Bureau of Conveyances	October 22, 2007	2007-188055

3.2 Bylaws of the Association of Unit Owners

The Bylaws of the Association of Unit Owners govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Unit Owners is elected, the powers and duties of the Board, the manner in which meetings will be conducted, whether pets are prohibited or allowed and other matters that affect how the condominium project will be governed.

Land Court or Bureau of Conveyances	Date of Document	Document Number
Bureau of Conveyances	December 12, 2006	2006-229726

Amendments to Bylaws of the Association of Unit Owners

Land Court or Bureau of Conveyances	Date of Document	Document Number

3.3 Condominium Map

The Condominium Map contains a site plan and floor plans, elevations and layout of the condominium project. It also shows the floor plan, unit number and dimensions of each unit.

Land Court Map Number	
Bureau of Conveyances Map Number	4346

Dates of Recordation of Amendments to the Condominium Map:

3.4 House Rules

The Board of Directors may adopt rules and regulations (commonly called "House Rules") to govern the use and operation of the common elements and limited common elements. House Rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais and requirements for keeping pets. These rules must be followed by owners, tenants, and guests. They do not need to be recorded or filed to be effective. The initial House Rules are usually adopted by the Developer. Changes to House Rules do not need to be recorded to be effective.	
The House Rules for this project:	
Are Proposed	X
Have Been Adopted and Date of Adoption	
Developer does not plan to adopt House Rules	

3.5 Changes to the Condominium Documents

Changes to Condominium Documents: Changes to the Declaration, Bylaws and Condominium Map are effective only if they are duly adopted and recorded. Where permitted, the minimum percentages of the common interest that must vote for or give written consent to changes to the Declaration, Bylaws and Condominium Map are set forth below. The percentages for any individual condominium project may be more than the minimum set by law if the Declaration or Bylaws for the project so provide.		
Document	Minimum Set by Law	This Condominium
Declaration	67%	67%
Bylaws	67%	67%

3.6 Rights Reserved by the Developer to Make changes to the Condominium Project or Project Documents

[]	No rights have been reserved to the Developer to change the Declaration, Bylaws, Condominium Map or House Rules (if any).
[X]	<p>Developer has reserved the right to change the Declaration, Bylaws, Condominium Map and House rules (if any) and to add to or merge the project or to develop the project in one or more phases, and such rights are summarized as follows:</p> <p>See Exhibit "G".</p>

4. CONDOMINIUM MANAGEMENT

4.1 Management of the Common Elements

Management of the Common Elements: The Association of Unit Owners is responsible for the management of the common elements and the overall operation of the condominium project. The Association may be permitted, and in some cases may be required, to employ or retain a condominium managing agent to assist the Association in managing the condominium project.

The Initial Condominium Managing Agent for this project is (check one):

X	Not affiliated with the Developer
	None (self-managed by the Association)
	The Developer or an affiliate of the Developer
	Other (explain)

4.2 Estimate of the Initial Maintenance Fees

Estimate of the Initial Maintenance Fees: The Association will make assessments against your unit to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, a lien may be placed on your unit and the unit may be sold through a foreclosure proceeding. Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided.

Exhibit H contains a breakdown of the estimated annual maintenance fees and the monthly estimated maintenance fee for each unit, certified to have been based on generally accepted accounting principles, with the Developer's statement as to when a unit owner shall become obligated to start paying the unit owner's share of the common expenses.

4.3 Utility Charges to be Included in the Maintenance Fee

If checked, the following utilities are included in the maintenance fee:	
X	Electricity for the common elements
	Gas for the common elements
X	Water
X	Sewer
	TV cable
	Other (specify)

4.4 Utilities to be Separately Billed to Unit Owner

If checked, the following utilities will be billed to each unit owner and are not included in the maintenance fee:	
X	Electricity for the Unit only
	Gas for the Unit only
	Water
	Sewer
X	TV cable
X	Other (specify) - Telephone and refuse collection

5. SALES DOCUMENTS

5.1 Sales Documents Filed with the Real Estate Commission

Sales Documents on file with the Commission include, but are not limited to, the following:	
X	Specimen Sales Contract Exhibit "I" contains a summary of the pertinent provisions of the sales contract. Including but not limited to any rights reserved by the Developer.
X	Escrow Agreement dated: December 12, 2006 Name of Escrow Company: Island Title Corporation Exhibit "J" contains a summary of the pertinent provisions of the escrow agreement.
X	Other: Exhibit "L" contains a summary of the pertinent provisions of the specimen Unit Deed and Exhibit "M" contains a summary of Special Use Restrictions.

5.2 Sales to Owner-Occupants

If this project contains three or more residential units, the Developer shall designate at least fifty percent (50%) of the units for sale to Owner-Occupants.	
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X	The sales of units in this project are subject to the Owner-Occupant requirements of Chapter 514B.
	Developer has designated the units for sale to Owner-Occupants in this report. See Exhibit _____.
X	Developer has or will designate the units for sale to Owner-Occupants by publication.

5.3 Blanket Liens

Blanket Liens: A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project or more than one unit that secures some type of monetary debt (such as a loan) or other obligation. Blanket liens (except for improvement district or utility assessments) must be released as to a unit before the developer conveys the unit to a purchaser. The purchaser's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the unit to the purchaser.	
<input type="checkbox"/>	There are <u>no</u> blanket liens affecting title to the individual units.
<input checked="" type="checkbox"/>	There are blanket liens that may affect title to the individual units.

Type of Lien	Effect on Purchaser's Interest and Deposit if Developer Defaults or Lien is Foreclosed Prior to Conveyance
See * below.	

*The Developer contemplates obtaining a loan to finance construction of the Project. The loan will be secured by a mortgage, which will be released as to the units being conveyed. If there is a default and foreclosure of the mortgage prior to conveyance, the buyer may lose the right to buy the Unit, but will be refunded his/her deposit(s).

5.4 Construction Warranties

Construction Warranties: Warranties for individual units and the common elements, including the beginning and ending dates for each warranty (or the method of calculating them), are as set forth below:	
Building and Other Improvements: See attached Exhibit "K".	
Appliances: The Developer will pass on the manufacturers' or other vendors' warranties made to it, if any, on any appliances included as part of the unit being conveyed.	

5.5 Status of Construction, Date of Completion or Estimated Date of Completion

Status of Construction: As of the date this report was executed by developer, construction has not commenced.

Completion Deadline: If a sales contract for a unit is signed before the construction of the unit has been completed, or, in the case of a conversion, completion of any repairs, does not occur by the completion deadline set forth below, one of the remedies available to a purchaser is a cancellation of the purchaser's sales contract. The sales contract may include a right of the Developer to extend the completion deadline for force majeure as defined in the sales contract. The sales contract may also provide additional remedies for the purchaser.

Completion Deadline for any unit not yet constructed, as set forth in the sales contract: A unit will be completed within two (2) years from the date that the purchaser executes a binding sales contract for that specific unit (subject to extension for force majeure as defined in the sales contract).

Completion Deadline for any repairs required for a unit being converted, as set forth in the sales contract:

N/A

5.6 Developer's Use of Purchaser Deposits to Pay for Project Construction Costs Before Closing or Conveyance

The Developer is required to deposit all moneys paid by purchasers in trust under a written escrow agreement with a Hawaii licensed escrow depository. Escrow shall not disburse purchaser deposits to the Developer or on behalf of the Developer prior to closing, except if a sales contract is canceled or if Developer has met certain requirements, which are described below.

5.6.1 Purchaser Deposits Will Not be Disbursed Before Closing or Conveyance

<u> X </u>	<p>The Developer hereby declares by checking the box to the left that it shall use its own funds to complete the construction of the condominium project by the date indicated in Section 5.5 of this report, and the Developer, pursuant to its own analysis and calculations, certifies that it has sufficient funds to complete the construction of the condominium project.</p> <p>If this box is checked, Section 5.6.2, which follows below, will not be applicable to the project.</p>
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5.6.2 Purchaser Deposits Will Be Disbursed Before Closing

<p>Hawaii law provides that, if certain statutory requirements are met, purchaser deposits in escrow under a binding sales contract may be used before closing to pay for certain project costs. For this project, the Developer indicates that purchaser deposits may be used for the following purposes (check applicable box):</p>	
	<p>For new construction: to pay for project construction costs described in the Developer's budget and approved by the Developer's lender or an otherwise qualified, financially disinterested person; or</p>
	<p>For conversions: to pay for repairs necessary to cure violations of county zoning and building ordinances and codes, for architectural, engineering, finance and legal fees, and for other incidental expenses.</p>

In connection with the use of purchaser deposits (check Box A or Box B):

Box A <hr/>	<p>The Developer has submitted all information and documents required by law and the Commission prior to the disbursement of purchaser deposits before closing. This means that the Developer may use such deposits before closing. If the Developer decides not to use purchaser deposits before closing, the Developer does not need to amend this report.</p> <p>If Box A is checked, you should read and carefully consider the following notice, which is required by law:</p> <p><u>Important Notice Regarding Your Deposits:</u> Deposits that you make under your sales contract for the purchase of the unit may be disbursed before closing of your purchase to pay for project costs, construction costs, project architectural, engineering, finance, and legal fees, and other incidental expenses of the project. While the developer has submitted satisfactory evidence that the project should be completed, it is possible that the project may not be completed. If your deposits are disbursed to pay project costs and the project is not completed, there is a risk that your deposits will not be refunded to you. You should carefully consider this risk in deciding whether to proceed with your purchase.</p>
Box B <hr/>	<p>The Developer has <u>not</u> submitted all information and documents required by law and the Commission, and, until all such information and documents are submitted, thus, the Developer cannot use purchaser deposits.</p> <p>If the Developer later submits all information and documents required by law and the Commission for the use of purchaser deposits, then the Developer must provide an amendment to this report or an amended developer's public report to each purchaser who has signed a sales contract. At such time, the <u>Important Notice Regarding Your Deposits</u> set forth immediately above will apply to all purchasers and will be restated in the amendment to this report or an amended developer's public report. When an effective date for such an amendment or an amended developer's public report is issued, <u>you will not have the right to rescind or cancel the sales contract by reason of such submission and amendment.</u> (This, however, does not affect your right to rescind for material changes or any other right you may have to rescind or cancel the sales contract, as described in Section 5.8 below.) If the Developer decides not to use purchaser deposits before closing, the Developer does not need to amend this report.</p> <p>You should understand that, although the <u>Important Notice Regarding Your Deposits</u> set forth above does not currently apply to you, it might apply to you in the future, and, therefore, you should read and carefully consider it now to ensure that you understand the risk involved in deciding whether to proceed with your purchase.</p>

Material House Bond. If the Developer has submitted to the Commission a completion or performance bond issued by a material house instead of a surety as part of the information provided prior to the use of purchaser deposits prior to closing or conveyance of a unit, the Developer shall disclose the same below and disclose the impact of any restrictions on the Developer's use of purchaser deposits.

5.7 Rights Under the Sales Contract

Before signing the sales contract, prospective purchasers should carefully review all documents relating to the project. These include but are not limited to the documents listed below. Items 2, 3 and 4 are made a part of this public report, as well as Item 5, if any, and are being delivered to you with this report.

- | | |
|----|---|
| 1. | Developer's Public Report |
| 2. | Declaration of Condominium Property Regime (and any amendments) |
| 3. | Bylaws of the Association of Unit Owners (and any amendments) |
| 4. | Condominium Map (and any amendments) |
| 5. | House Rules |
| 6. | Escrow Agreement |
| 7. | Hawaii's Condominium Property Act (Chapter 514B, HRS, as amended) and Hawaii Administrative Rules (Chapter 16-107, adopted by the Real Estate Commission, as amended), provided that rules and regulations under Chapter 514B have not yet been adopted. |
| 8. | Other: Declaration of Covenants, Conditions, and Restrictions for Kehalani dated March 17, 1995, recorded in the State of Hawaii Bureau of Conveyances as Document No. 95-040251, as amended and as further may be amended from time to time. See Section 6 herein. |

Copies of the condominium and sales documents and amendments made by the Developer are available for review through the Developer or through the Developer's sales agent, if any. The Condominium Property Regime law (Chapter 514B, HRS) and the Administrative Rules (Chapter 107, HAR), are available online. Please refer to the following sites:

Website to access official copy of laws: www.capitol.hawaii.gov

Website to access rules: www.hawaii.gov/dcca/har

5.8 Purchaser's Right to Cancel or Rescind a Sales Contract

A purchaser's right to cancel a sales contract or to rescind a sales contract may arise under varying circumstances. In the sections below, some circumstances that will give rise to a purchaser's right to cancel or rescind are described, together with what a purchaser must do if the purchaser wishes to exercise any of the rights.

5.8.1 Purchaser's 30-Day Right to Cancel a Sales Contract

A sales contract signed by a purchaser and the developer will not become binding on a purchaser or the Developer until the following events have taken place:

(1) The purchaser has signed the sales contract.

(2) The Developer has delivered to the purchaser a true copy of the developer's public report with an effective date issued by the Commission, together with all amendments to the report as of the date of delivery, and the project's recorded Declaration, Bylaws, House Rules (if any), the Condominium Map and any amendments to them to date (all of which are a part of the developer's public report). If it is impracticable to include a letter-sized Condominium Map, the Developer must provide written notice of an opportunity to examine the Condominium Map.

(3) The Developer has delivered to the purchaser a notice of the purchaser's 30-day cancellation right on a form prescribed by the Commission.

(4) The purchaser does at least one of the following:

(a) Waives the purchaser's right to cancel the sales contract within 30 days from receipt of the notice of the purchaser's 30-day cancellation right; or

(b) Allows the 30-day cancellation period to expire without exercising the right to cancel; or

(c) Closes the purchase of the unit before the 30-day cancellation period expires.

The purchaser or the Developer may cancel the sales contract at any time during the 30-day cancellation period, and the sales contract will be canceled and the purchaser's deposits returned to the purchaser, less any escrow cancellation fee and other costs associated with the purchase, up to a maximum of \$250.

5.8.2 Right to Cancel a Sales Contract if Completion Deadline Missed

In addition to the purchaser's 30-day cancellation right described in Section 5.8.1 above, when a sales contract is signed before completion of construction of a project, the purchaser will have the right to cancel if the unit is not completed by certain deadlines. In conversion projects, there must be a deadline for completion of any required repairs. Every sales contract shall contain an agreement of the Developer that the completion of construction shall occur on or before the completion deadline, and that completion deadline is set forth in this report in Section 5.5. The sales contract shall provide that the purchaser may cancel the sales contract at any time after the specified completion deadline, if completion of construction does not occur on or before the completion deadline, as the same may have been extended. Upon a cancellation, the purchaser's deposits shall be refunded, less any escrow cancellation fee and other costs associated with the purchase, up to a maximum of \$250.00.

5.8.3 Purchaser's Right to Rescind a Binding Sales Contract After Material Change

If a "material change" in a project occurs after a purchaser has signed a sales contract that has become binding, the purchaser will have a 30-day right to rescind after notification and description of the material change. A material change is defined in the Condominium Property Act to be any change that "directly, substantially and adversely affects the use or value of (1) a purchaser's unit or appurtenant limited common elements; or (2) those amenities of the project available for the purchaser's use."

The purchaser will be informed of the material change by the developer on a form prescribed by the Commission containing a description of the material change.

After notice of the material change, the purchaser may waive the right to rescind by:

- (1) Checking the waiver box on the rescission form; or
- (2) Letting the 30-day rescission period expire, without taking any action to rescind; or
- (3) Closing the purchase of the unit before the 30-day rescission period expires.

The rescission form must be signed by all purchasers of the affected unit and delivered to the developer no later than midnight of the 30th calendar day after the purchasers received the rescission form from the developer. Purchasers who validly exercise the right of rescission shall be entitled to a prompt and full refund of any moneys paid.

A rescission right shall not apply in the event of any additions, deletions, modifications and reservations including, without limitation, the merger or addition or phasing of a project, made pursuant to the terms of the project's Declaration.

These provisions shall not preclude a purchaser from exercising any rescission rights pursuant to a contract for the sale of a unit or any applicable common law remedies.

6. MISCELLANEOUS INFORMATION NOT COVERED ELSEWHERE IN THIS REPORT

1. Master Declaration. In addition to the Declaration of Condominium Property Regime of The Villas at Kehalani, purchasers of units in the Project are subject to that certain Declaration of Covenants, Conditions, and Restrictions of Kehalani dated March 17, 1995, recorded in said Bureau as Document No. 95-040253, as the same may be amended and/or supplemented from time to time ("Master Declaration"). In accordance with Article XXXII of the Declaration, the Developer exercised its right to annex the Project into the Master Declaration through execution and recordation of that certain Supplemental Declaration and Subordination and Consent dated April 17, 2007 and recorded in said Bureau as Document No. 2007-069870 and 2007-069871 ("Supplemental Declaration"). Such Supplemental Declaration also subordinates the Condominium Declaration to the Master Declaration. Purchasers should make careful review of the Master Declaration and Supplemental Declaration and pay special attention to additional design restrictions and design review processes imposed by such Master Declaration.

By way of such Master Declaration and Supplemental Declaration, purchasers of the Project will be deemed to have membership in the Kehalani Community Association and, as such, will be subject to certain obligations, including but not limited to, the obligation to pay all assessments imposed by such Master Declarations, which will commence for each purchaser upon conveyance of a Unit to purchaser, as set forth in the Supplemental Declaration, and which are included in the estimated Project's maintenance fees. All purchasers should review the Master Declaration and Supplemental Declaration for any additional obligations and design restrictions.

2. Affiliates of Developer. Prospective purchasers are hereby advised that Stanford Carr Development, LLC, one of the members of Kehalani 511-Maui, LLC, the Developer of the Project, also has an ownership interest in the Real Estate Broker for the Project, the Project Lender (Inter-Island Home Loans) and the General Contractor for the Project.

3. Developer to Pay Actual Costs of Project. The Developer hereby discloses that it shall initially assume the actual common expenses of the Project, pursuant to Section 514B-41 of the Hawaii Revised Statutes, from the date upon which certificates of occupancy are issued for the respective apartments of the Project. Accordingly, no apartment owner shall be obligated to pay his or her respective share of the common expenses until the Developer files a written statement ("Notification") with the Real Estate Commission of the State of Hawaii ("Commission") notifying the Commission and all apartment owners of the Project that, after a date certain ("Transition Date"), each apartment owner shall thereafter be obligated to pay for the respective share of common expenses allocated to said owner's apartment. The Notification shall be filed with the Commission at least thirty (30) days prior to the Transition Date, and a copy of said amendment shall be delivered to each of the apartment owners whose maintenance expenses were assumed by the Developer.

The Developer declares subject to the penalties set forth in Section 514B-69, HRS, that this project conforms to the existing underlying county zoning for the project, zoning and building ordinances and codes and all applicable permitting requirements adopted by the county in which the project is located, all in accordance with Sections 514B-5 and 32(a)(13), HRS.

For any conversion, if any variances have been granted, they are specified in Section 1.14 of this report, and, if purchaser deposits are to be used by the Developer to cure any violations of zoning, permitting requirements or rules of the county in which the project is located, the violation is specified in Section 1.15 of this report, along with the requirements to cure any violation, and Section 5.5 specifies the date by which the cure will be completed.

The Developer hereby certifies that all the information contained in this report and the exhibits attached to this report and all documents to be furnished by the Developer to purchasers concerning the project have been reviewed by the Developer and are, to the best of the Developer's knowledge, information and belief, true, correct and complete. The Developer hereby agrees promptly to amend this report to report and include either or all material facts, material or pertinent changes to any information contained in or omitted from this report and to file annually a report to update the material contained in this report at least 30 days prior to the anniversary date of the effective date of this report.

Kehalani 511-Maui, LLC

Printed Name of Developer

By: 

Duly Authorized Signatory*

9.30.08

Date

Tracy T. Carver, Executive V.P. and General Counsel

Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, County of Maui

Planning Department, County of Maui

***Must be signed for a corporation by an officer; for a partnership or limited liability partnership (LLP) by the general partner; for a limited liability company (LLC) by the manager or an authorized member; and for an individual by the individual.**

EXHIBIT "A"

**UNIT NUMBERS, UNIT TYPES, LAYOUT, APPROXIMATE NET GARAGE AREA, APPROXIMATE
NET COVERED LANAI/PORCH AREA, APPROXIMATE NET INTERIOR AREA, PERCENT
COMMON INTEREST**

Capitalized terms have the same meaning ascribed to such terms in the Declaration.

FOR ALL 103 UNITS OF THE PROJECT

NOTE: ONLY THE UNITS SHADED BELOW ARE COVERED BY THIS REPORT UNDER REGISTRATION NO. 6712

Unit Number	Unit Type	Bedrooms/ Bathrooms	Approx. Net Garage Square Footage	Approx. Net Covered Lanai/Porch Square Footages	Approx. Net Interior Square Footage	Percent Common Interests
101	1	3/2.5	450	177/42	1724	1.007216
102	2	2/2.5	450	135/29	1446	0.878437
103	2R	2/2.5	450	135/29	1446	0.878437
104	1R	3/2.5	450	177/42	1724	1.007237
201	3	3/2.5	450	173/35	1853	1.067004
202	3R	3/2.5	450	173/35	1853	1.067004
203	2	2/2.5	450	135/34	1446	0.878437
301	3	3/2.5	450	173/35	1853	1.067004
302	3R	3/2.5	450	173/35	1853	1.067004
401	3	3/2.5	450	173/35	1853	1.067004
402	3R	3/2.5	450	173/35	1853	1.067004
501	1	3/2.5	450	177/42	1724	1.007237
502	2	2/2.5	450	135/29	1446	0.878437
503	2R	2/2.5	450	135/29	1446	0.878437
504	1R	3/2.5	450	177/42	1724	1.007237
601	1	3/2.5	450	177/42	1724	1.007237
602	2	2/2.5	450	135/29	1446	0.878437
603	2R	2/2.5	450	135/29	1446	0.878437
604	1R	3/2.5	450	177/42	1724	1.007237
701	2R	2/2.5	450	135/34	1446	0.878437
702	3	3/2.5	450	170/35	1853	1.067004
703	3R	3/2.5	450	173/35	1853	1.067004
801	3	3/2.5	450	173/35	1853	1.067004
802	3R	3/2.5	450	170/35	1853	1.067004
803	2	2/2.5	450	135/34	1446	0.878437
901	1	3/2.5	450	177/42	1724	1.007237
902	2	2/2.5	450	135/29	1446	0.878437
903	2R	2/2.5	450	135/29	1446	0.878437
904	1R	3/2.5	450	177/42	1724	1.007237
1001	1	3/2.5	450	177/42	1724	1.007237
1002	2	2/2.5	450	135/29	1446	0.878437
1003	2R	2/2.5	450	135/29	1446	0.878437
1004	1R	3/2.5	450	177/42	1724	1.007237
1101	1	3/2.5	450	177/42	1724	1.007237
1102	2	2/2.5	450	135/29	1446	0.878437
1103	2R	2/2.5	450	135/29	1446	0.878437

Unit Number	Unit Type	Bedrooms/ Bathrooms	Approx. Net Garage Square Footage	Approx. Net Covered Lanai/Porch Square Footages	Approx. Net Interior Square Footage	Percent Common Interests
1104	1R	3/2.5	450	177/42	1724	1.007237
1201	3	3/2.5	450	173/35	1853	1.067004
1202	3R	3/2.5	450	170/35	1853	1.067004
1203	2	2/2.5	450	135/34	1446	0.878437
1301	2R	2/2.5	450	135/34	1446	0.878437
1302	3	3/2.5	450	170/35	1853	1.067004
1303	3R	3/2.5	450	173/35	1853	1.067004
1401	1	3/2.5	450	177/42	1724	1.007237
1402	2	2/2.5	450	135/29	1446	0.878437
1403	2R	2/2.5	450	135/29	1446	0.878437
1404	1R	3/2.5	450	177/42	1724	1.007237
1501	1	3/2.5	450	177/42	1724	1.007237
1502	2	2/2.5	450	135/29	1446	0.878437
1503	2R	2/2.5	450	135/29	1446	0.878437
1504	1R	3/2.5	450	177/42	1724	1.007237
1601	3	3/2.5	450	173/35	1853	1.067004
1602	3R	3/2.5	450	170/35	1853	1.067004
1603	2	2/2.5	450	135/34	1446	0.878437
1701	1	3/2.5	450	177/42	1724	1.007237
1702	2	2/2.5	450	135/29	1446	0.878437
1703	2R	2/2.5	450	135/29	1446	0.878437
1704	1R	3/2.5	450	177/42	1724	1.007237
1801	3	3/2.5	450	173/35	1853	1.067004
1802	3R	3/2.5	450	170/35	1853	1.067004
1803	2	2/2.5	450	135/34	1446	0.878437
1901	2R	2/2.5	450	135/34	1446	0.878437
1902	3	3/2.5	450	170/35	1853	1.067004
1903	3R	3/2.5	450	173/35	1853	1.067004
2001	1	3/2.5	450	177/42	1724	1.007237
2002	2	2/2.5	450	135/29	1446	0.878437
2003	2R	2/2.5	450	135/29	1446	0.878437
2004	1R	3/2.5	450	177/42	1724	1.007237
2101	1	3/2.5	450	177/42	1724	1.007237
2102	2	2/2.5	450	135/29	1446	0.878437
2103	2R	2/2.5	450	135/29	1446	0.878437
2104	1R	3/2.5	450	177/42	1724	1.007237
2201	1	3/2.5	450	177/42	1724	1.007237
2202	2	2/2.5	450	135/29	1446	0.878437
2203	2R	2/2.5	450	135/29	1446	0.878437
2204	1R	3/2.5	450	177/42	1724	1.007237
2301	2R	2/2.5	450	135/34	1446	0.878437
2302	3	3/2.5	450	170/35	1853	1.067004
2303	3R	3/2.5	450	173/35	1853	1.067004
2401	3	3/2.5	450	173/35	1853	1.067004
2402	3R	3/2.5	450	170/35	1853	1.067004
2403	2	2/2.5	450	135/34	1446	0.878437
2501	2R	2/2.5	450	135/34	1446	0.878437
2502	3	3/2.5	450	170/35	1853	1.067004

Unit Number	Unit Type	Bedrooms/ Bathrooms	Approx. Net Garage Square Footage	Approx. Net Covered Lanai/Porch Square Footages	Approx. Net Interior Square Footage	Percent Common Interests
2503	3R	3/2.5	450	173/35	1853	1.067004
2601	1	3/2.5	450	177/42	1724	1.007237
2602	2	2/2.5	450	135/29	1446	0.878437
2603	2R	2/2.5	450	135/29	1446	0.878437
2604	1R	3/2.5	450	177/42	1724	1.007237
2701	2R	2/2.5	450	135/34	1446	0.878437
2702	3	3/2.5	450	170/35	1853	1.067004
2703	3R	3/2.5	450	173/35	1853	1.067004
2801	1	3/2.5	450	177/42	1724	1.007237
2802	2	2/2.5	450	135/29	1446	0.878437
2803	2R	2/2.5	450	135/29	1446	0.878437
2804	1R	3/2.5	450	177/42	1724	1.007237
2901	1	3/2.5	450	177/42	1724	1.007237
2902	2	2/2.5	450	135/29	1446	0.878437
2903	2R	2/2.5	450	135/29	1446	0.878437
2904	1R	3/2.5	450	177/42	1724	1.007237
3001	3	3/2.5	450	173/35	1853	1.067004
3002	3R	3/2.5	450	170/35	1853	1.067004
3003	2	2/2.5	450	135/34	1446	0.878437
						100.000000

A. Location of Buildings.

The entire Project consists of thirty (30) buildings. Each building contains two (2) to four (4) Units, as depicted in the Condominium Map.

B. Layout of Units.

All units of the Project include a Kitchen/Living Room/Dining/Family Room, the number of bedrooms and bathrooms indicated in the table above and a two-car garage, all as depicted on the Condominium Map. Unit Types 3 and 3R also have a Study. Each Unit consists of two (2) floors. Each Unit also has a Limited Common Element lanai and porch.

Unit Types 1 and 1R have an optional Buffet on the Ground Floor, as depicted on the Condominium Map. Unit Types 3 and 3R have an optional Bedroom 4 on the second floor, as depicted on the Condominium Map. The Developer, prior to conveyance of the Unit, or after conveyance of the Unit, the Owner, may construct such Option Area(s), as defined in this Declaration. The addition of any Option Area(s), however, shall not affect the calculation of the Common Interest set forth herein.

C. Measurement of Approximate Net Living Square Footage.

The Approximate Net Living Square Footage of each Unit was determined by measuring the area between the interior perimeter walls of each Unit (excluding load-bearing and non-load bearing walls located between said perimeter walls) and consists of the total of the Approximate Net Garage Square Footage and the Approximate Net Interior Square Footage as defined in the Declaration. Although the area of the non-load bearing walls are not contained in the Approximate Net Living Square Footage, the Unit is comprised of the non-load bearing walls contained therein.

D. Calculation of Percentage of Common Interest.

The percentage Common Interest attributable to each Unit in the Project was calculated by dividing the Approximate Net Living Square Footage of each individual Unit by the total Approximate Net Living Square Footage of all Units within the Project.

Note that the Common Interest percentages reflected in the chart above have been rounded to the sixth decimal place. Thus, the calculations herein are estimates and not exact figures. In order to permit the Common Interest for all units in the Project to equal exactly one hundred percent (100%), the Common Interest attributable to Unit 101 was decreased by 0.000021%.

E. Parking Stalls.

Each Unit will have the use of a two-car garage, which is a part of their Unit, as well as the Limited Common Element driveway located in front of such garage parking, as further depicted on the Condominium Map.

EXHIBIT "B"

BOUNDARIES OF THE UNIT

Capitalized terms have the same meaning ascribed to such terms in the Declaration.

Each Unit shall be deemed to include: (i) all walls and partitions that are not load-bearing within its perimeter or party walls, (ii) all pipes, shafts, vents, ducts, pumps, conduits, cables, wiring, other utility or service lines running through such Unit or other utility meters that are utilized for and serve only that Unit, (iii) the decorated or finished interior surfaces of all perimeter and party walls and load-bearing walls, floors and ceilings of each Unit, and the areas within said walls, floors and ceilings, including, but not limited to, the air space and improvements, (iv) the decorated or finished interior surfaces of any doors, door frames, windows or window frames, (v) all cranks and other window hardware, (vi) all appliances and fixtures installed in the Unit, and replacements therefor, (vii) any interior stairway connecting the floors of a Unit (as applicable), and (viii) the decorated or finished interior surface of all perimeter and party walls and load-bearing walls, floors and ceilings of the garage appurtenant to such Unit and the areas within said walls, floors and ceilings, including, but not limited to, air space and improvements.

The respective Units shall not be deemed to include: (i) the perimeter or party walls surrounding a Unit from the undecorated or unfinished interior surfaces thereof and any improvements and/or air space located beyond such undecorated or unfinished interior surface of such perimeter or party walls, (ii) the undecorated or unfinished interior surfaces of the floors and ceilings surrounding a Unit and the entire roof of the building in which the Unit is located, and any improvements and/or air space (if any) located beyond such floors and ceilings, (iii) the decorated or finished exterior surfaces of perimeter doors, door frames, windows and window frames surrounding a Unit, (iv) the interior of any load-bearing walls and columns (if any) located in the building in which the Unit is located and the undecorated or unfinished surfaces thereof, (v) any pipes, shafts, vents, ducts, pumps, conduits, cables, wiring and other utility or service lines running through each Unit or other utility meters, which are utilized for or serve more than one Unit, (vi) the entirety of any attic or basement in any building within the Project, and (vii) the Common Elements, including the Limited Common Elements described in the Declaration.

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE DESCRIPTION OF THE BOUNDARIES OF EACH UNIT. WHILE A PURCHASER CAN USE THIS SUMMARY AS A GENERAL DESCRIPTION OF SUCH BOUNDARIES, PURCHASER SHOULD REFER TO THE CONDOMINIUM DECLARATION TO DETERMINE THE ACTUAL DESCRIPTION. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE CONDOMINIUM DECLARATION, THE CONDOMINIUM DECLARATION WILL CONTROL.

EXHIBIT "C"

PERMITTED ALTERATIONS TO THE UNITS

Capitalized terms have the same meaning ascribed to such terms in the Declaration.

A. GENERAL PROVISIONS. No Unit Owner shall do any work that may jeopardize the soundness and safety of the Project, reduce the value thereof, or impair any easement, as reasonably determined by the Board. Except as otherwise expressly provided in this Declaration, and subject to any approvals required under the Master Declarations, restoration or replacement of the Project or any portion thereof or construction of any additional improvement or structural alteration or addition to any improvement, different in any material respect from the Condominium Map of the Project, shall be undertaken by any Unit Owner only pursuant to an amendment of this Declaration in accordance with Article XI of the Declaration, duly executed pursuant to the provisions thereof, accompanied by the written consent of the holders of all mortgage liens affecting any of the Units involved, and in accordance with complete plans and specifications therefor. Promptly upon completion of such restoration, replacement or construction, the Owner shall duly record such amendment, together with a complete set of floor plans of the Project as so altered, certified as built by a State of Hawaii registered architect or professional engineer.

B. APPROVAL OF ADDITIONS OR ALTERATIONS. No Unit Owner may make or allow any "nonmaterial additions and alterations," as such term is defined in Section 514B-140 of the Act, to his or her Unit or the Limited Common Elements appurtenant thereto, without the approval of the Board, as provided in Article X, Section C of the Declaration. No Unit Owner may make or allow any material addition or alteration without first obtaining the written consent of sixty-seven percent (67%) of the Unit Owners, the consent of all Unit Owners whose Units or appurtenant Limited Common Elements are directly affected, and the approval of the Board. The Board may only disapprove a proposed addition or alteration where the Board reasonably believes that the addition or alteration could jeopardize the soundness of the Project or impair any easement, or interfere with or deprive any nonconsenting Owner of the use and enjoyment of part of the Project.

To the extent permitted by law and notwithstanding the foregoing, the Developer may construct the Option Areas, set forth in Article XXIII of the Declaration, without the prior consent of the Board or any other Unit Owner pursuant to its reserved right to do so.

C. ADDITIONS OR ALTERATIONS TO UNITS. In addition to the foregoing requirements, and to ensure a uniform appearance and consistent level of quality among the Units, no Unit Owner may make any addition, alteration or improvement to his or her Unit without the prior written consent of the Board and the Design Committee, if any. The Board and the Design Committee, if any, may deny consent where it determines that the addition, alteration or improvement would otherwise be inconsistent with the uniform appearance of the Units. Moreover, nothing contained in this paragraph shall authorize any work or alteration that would jeopardize the soundness or safety of any part of the Project, reduce the value thereof, materially adversely affect any other Unit or Limited Common Element, materially alter the uniform external appearance of the Project, materially increase the transfer of sounds, noise, air or smoke to other Units or materially affect or impair any easement or rights of any of the other Unit Owners, or materially interfere with or deprive any non-consenting Owner of the use or enjoyment of any part of the Common Elements.

Notwithstanding the foregoing, any Unit Owner may submit a written request to the Board and the Design Committee, if any, to make additions or alterations solely within his or her Unit; provided that to the extent permitted by law, the construction of any Option Area by the Developer shall not require the prior consent of the Board, pursuant to Article XXIII of the Declaration. Said Owner shall be permitted to, at his or her sole cost and expense, make any of the following alterations within the Unit or Limited Common Element which such Owner controls: to install, maintain, remove and rearrange partitions (including the party wall between two (2) Units owned by the same Owner) and other structures from time to time within such Unit or Limited Common Element, to add Option Areas in accordance with the specifications in the Condominium Map, to finish, alter or substitute any plumbing, electrical or other fixture attached to the ceilings, floors and walls as shall be appropriate for the utilization of such Unit or Limited Common Element by such Owner, and to tile, re-carpet and do or cause to be

done such work on the floors of any Unit or Limited Common Element that does not increase the acoustical transfer from such Unit or Limited Common Element and subject further to the restrictions stated above.

D. UNIT OWNERS TO EXECUTE AMENDMENT DOCUMENTS IN CERTAIN CASES. In the event that any change or alteration of a Unit pursuant to and in compliance with Article X, Section C of the Declaration shall alter the depiction of the particular Unit on the Condominium Map or the description thereof in this Declaration, then the Owner of such Unit shall amend this Declaration and/or the Condominium Map to set forth such approved change or alteration, which amendment(s) may be executed by the Owner of the affected Unit or Units and by no other party, and shall become effective upon the filing thereof in said Bureau. The provisions of Article XII of the Declaration notwithstanding, such amendment shall not require the consent or joinder of the Owner of any other Unit or any other person or entity, other than any mortgagee of such Unit or Units which are changed or altered (if the mortgagee requires such consent or joinder). Every Unit Owner and all holders of liens affecting any of the Units of the Project and each and every other party acquiring an interest in the Project or any part thereof, by acquiring such Unit, lien or other interest, consents to and agrees that he or she shall, if required by law or by any such Owner who shall have changed or altered a Unit as aforesaid, join in, consent to, execute, deliver and record all instruments and documents necessary or desirable to effect the amendment of this Declaration and/or the Condominium Map; and appoints such Owner and his or her assigns his or her attorney-in-fact with full power of substitution to execute, deliver and record such documents and to do such things on his or her behalf, which grant of such power, being coupled with an interest, is irrevocable and shall not be affected by the disability of any such party; provided that the Developer and an Owner may execute, deliver and record all instruments or documents necessary to effect the build out of the Option Areas, pursuant to Article XXIII of the Declaration.

* * * * *

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL RESTRICTIONS ON ALTERATIONS TO UNITS CONTAINED IN THE PROJECT DOCUMENTS. WHILE A PURCHASER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF RIGHTS AND OBLIGATIONS UNDER THE PROJECT DOCUMENTS, PURCHASER MUST REFER TO THE DECLARATION, BYLAWS AND HOUSE RULES TO DETERMINE THE PURCHASER'S ACTUAL RIGHTS AND OBLIGATIONS. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE PROJECT DOCUMENTS, THE PROJECT DOCUMENTS WILL CONTROL.

EXHIBIT "D"

COMMON ELEMENTS

Capitalized terms have the same meaning ascribed to such terms in the Declaration.

One freehold estate is hereby designated in all remaining portions of the Project not otherwise defined as a "Unit," herein called the "Common Elements." The Common Elements shall include specifically, but shall not be limited to, the following:

1. The Land in fee simple and any appurtenances thereto as described in Exhibit "A" of the Declaration;
2. Regarding the building in which the Unit is located: (i) the perimeter or party walls surrounding a Unit from the undecorated or unfinished interior surfaces thereof, and any improvements and/or air space located beyond such undecorated or unfinished interior surface of such perimeter or party walls, (ii) the undecorated or unfinished interior surfaces of the floors and ceilings surrounding a Unit and the entire roof of the building in which the Unit is located, and any improvements and/or air space (if any) located beyond such floors and ceilings, (iii) the decorated or finished exterior surfaces of perimeter doors, door frames, windows and window frames surrounding a Unit, (iv) the interior of any load-bearing walls and columns (if any) located in the building and the undecorated or unfinished surfaces thereof, and (v) any pipes, shafts, vents, ducts, pumps, conduits, cables, wiring and other utility or service lines running through each Unit or other utility meters, which are utilized for or serve more than one Unit, and (vi) the entirety of any attic or basement in any building within the Project;
3. Any and all other apparatus and installations existing for common use, such as tanks, motors, fans, compressors and other such installations and apparatus;
4. The landscaping throughout the Project and planter strips along certain roadways of the Project and other plants and refuse facilities (if any);
5. All roadways, roadside parking areas, driveways, including guest or handicap parking stalls, access lanes, the group mailbox structure, sidewalks and walkways of the Project;
6. All lamps, lamp posts, walkways and sitting areas (if any) within the Project;
7. Unimproved areas, maintenance and storage areas and other similar areas that are not part of a Unit;
8. Any and all parks and other community or recreational facilities operated to serve the residents of the Project (if any);
9. Any and all retaining or high screen walls installed by the Developer within the Project and/or separating the surrounding properties and the Project and/or the buildings within the Project;
10. All ducts, pipes, valves, sewer lines, drain lines, electrical equipment, cables, chutes, pipes, shafts, wire conduits or other utility service lines that are utilized to serve some or any of the Common Elements described herein and other central and appurtenant transmission facilities over, under and across the Project which serve any Common Element for services such as power, light, water, gas, sewer, refuse, telephone and radio and cable television signal distribution;
11. All of the Limited Common Elements described in the Declaration; and
12. All other areas of the Project that are not described as a Unit or a part thereof and that are necessary or convenient to its existence, maintenance and safety, or normally in common use.

EXHIBIT "E"

LIMITED COMMON ELEMENTS

Capitalized terms have the same meaning ascribed to such terms in the Declaration.

The Limited Common Elements are hereby designated, set aside and reserved for the exclusive use of certain Units, and such Units shall have appurtenant thereto, exclusive easements for the use of such Limited Common Elements as set forth herein. The responsibility to maintain, clean, upkeep, repair, replace, alter, improve and/or add to (collectively, "Maintain") such Limited Common Elements shall be the responsibility of the Association, as set forth below. The costs and expenses of every description pertaining to such Limited Common Element, including, but not limited to, the costs to Maintain such Limited Common Element (collectively, "Cost"), shall be the responsibility of the Owner(s) of Unit(s) to which such Limited Common Element is appurtenant. If there is more than one Unit to which the Limited Common Element is appurtenant, then the Cost thereof shall be charged to each Unit Owner in proportion to the Common Interest appurtenant to each respective Unit.

1. **Lanai and Porch.** Each Unit shall have as a Limited Common Element appurtenant thereto the lanai and porch affixed to the Unit, as depicted on the Condominium Map; including, without limitation, the decorated or finished interior surfaces of the perimeter or party walls and ceilings and the interior of any perimeter doors, door frames, windows and window frames, the decorated or finished surface of the floors, including all areas within the finished or decorated perimeter interior surfaces of the perimeter walls and ceiling and floors.

2. **Driveway.** Each Unit shall have as a Limited Common Element appurtenant thereto the entirety of the driveway situate directly in the front of the garage of the Unit and any improvements located thereon, as depicted on the Condominium Map.

3. **Mailbox.** Each Unit shall have as a Limited Common Element appurtenant thereto the interior of that certain mailbox designated with the same number as the Unit, located within the group mailbox.

EXHIBIT "F"

ENCUMBRANCES AGAINST TITLE

1. Real property taxes, if any, that may be due and owing. Check with the County tax assessors for additional information
2. Title to all mineral and metallic mines reserved to the State of Hawaii.
3. Covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in:

DEED

Dated: June 23, 1924
Recorded: Book 740, Page 134
to which reference is hereby made, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c) or Section 515-6, HRS, as amended

4. **UNRECORDED GRANT OF EASEMENT**

Dated: December 6, 1978
Purpose: Water pipeline and incidental purposes
In Favor Of: The Board of Water Supply of the County of Maui

The foregoing unrecorded Grant of Easement is referenced in the following:

GRANT OF EASEMENT

Dated: December 6, 1978
Recorded: Book 13464, Page 463

5. Covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in:

DECLARATION OF CONDITIONS

Dated: July 25, 1990
Recorded: Document No. 90-117006
to which reference is hereby made, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c) or Section 515-6, HRS, as amended

6. UNILATERAL AGREEMENT AND DECLARATION FOR CONDITIONAL ZONING

Dated: August 29, 1991
Recorded: Document No. 91-124296

SECOND SUPPLEMENTAL UNILATERAL AGREEMENT

Dated: ---
Recorded: Document No. 2003-091382

SUPPLEMENTAL UNILATERAL AGREEMENT

Dated: ---
Recorded: Document No. 2003-091383

7. Covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in:

WARRANTY DEED

Dated: December 15, 1993
Recorded: Document No. 93-208058
to which reference is hereby made, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c) or Section 515-6, HRS, as amended

By instrument dated October 1, 2005, recorded in said Bureau of Conveyances as Document No. 2005-229077, WAILUKU AGRIBUSINESS CO., INC., a Hawaii corporation assigned all of its rights in gross reservations and grants to WAILUKU WATER COMPANY, LLC, a Hawaii limited liability company, doing business as Wailuku Water Company.

8. Covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in:

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR KEHALANI

Dated: March 17, 1995
Recorded: Document No. 95-040251
to which reference is hereby made, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c) or Section 515-6, HRS, as amended

The foregoing Declaration was supplemented by the following:

SUPPLEMENTAL DECLARATION (ANNEXING LOT 3-C)

Dated: April 17, 2007
Recorded: Document No. 2007-069870

9. RIGHT OF ENTRY AND OPERATING AGREEMENT

Dated: February 18, 1997
Recorded: Document No. 97-029978

10. SUBDIVISION AGREEMENT (LARGE LOTS)

Dated: October 2, 2002
Recorded: Document No. 2002-198458

11. DEFERRAL OF SUBDIVISION REQUIREMENTS

Dated: October 31, 2002
Recorded: Document No. 2002-218046

12. AGREEMENT FOR IMPLEMENTATION OF WATER MASTER PLAN FOR KEHALANI (WAILUKU PROJECT DISTRICT 3)

Dated: December 18, 2002
Recorded: Document No. 2002-234288

13. AGREEMENT FOR IMPLEMENTATION OF WATER MASTER PLAN FOR KEHALANI (WAILUKU PROJECT DISTRICT 3) (TRANSMISSION CREDITS)

Dated: December 18, 2002
Recorded: Document No. 2002-234289

14. KEHALANI-WAILUKU PROJECT DISTRICT 3 OFFSITE SEWER IMPROVEMENTS

Dated: December 24, 2002
Recorded: Document No. 2002-234295

15. AGREEMENT TO IMPLEMENT UNILATERAL AGREEMENT AND DECLARATION FOR CONDITIONAL ZONING (REGARDING INCREMENTAL PARK DEDICATION)

Dated: December 18, 2002
Recorded: Document No. 2002-234296

16. STORAGE CREDITS AND AMENDED RIGHT OF ENTRY AGREEMENT FOR 3.0 MG CONCRETE RESERVOIR AT WAILUKU, MAUI, HAWAII

Dated: December 5, 2002
Recorded: Document No. 2002-234297

17. DEFERRAL OF SUBDIVISION REQUIREMENTS AGREEMENT

Dated: December 12, 2003
Recorded: Document No. 2004-052289

18. SUBDIVISION AGREEMENT (LARGE LOTS)

Dated: June 14, 2004
Recorded: Document No. 2004-127165

19. GRANT OF EASEMENT

Dated: February 3, 2005
Recorded: Document No. 2005-032467
Purpose: Utility and incidental purposes
In Favor Of: Maui Electric Company, Limited, a Hawaii corporation; and
Verizon Hawaii Inc., a Hawaii corporation

20. Covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in:

WARRANTY DEED

Dated: June 29, 2005
Recorded: Document No. 2005-151551
to which reference is hereby made, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c) or Section 515-6, HRS, as amended

21. ASSIGNMENT OF WATER CREDITS

Assignor: Hawaii Land & Farming Company, Inc., a Delaware corporation; and Kehalani Mauka LLC, a Hawaii limited liability company
Assignee: KEHALANI 511- Maui, LLC, a Hawaii limited liability company
Dated: July 29, 2005
Recorded: Document No. 2005-151552

22. ASSIGNMENT OF ANNEXATION RIGHT AS TO LOTS 1-B AND 1-C AND AGREEMENT

Dated: July 29, 2005
Recorded: Document No. 2005-151553

The foregoing Assignment was amended by the following:

AMENDMENT TO ASSIGNMENT OF ANNEXATION RIGHT AS TO LOTS 1-B
AND 1-C AND AGREEMENT

Dated: March 10, 2007
Recorded: Document No. 2007-066841

23. MAUKA/MAKAI DRAINAGE CORRIDOR (SOUTH), as shown on "KEHALANI MAUKA (LARGE LOT) SUBDIVISION NO. 3-A" map approved by the County of Maui, Department of Public Works and Environmental Management on November 28, 2006, Subdivision File No. 3.2124.

24. SUBDIVISION AGREEMENT (LARGE LOTS)

Dated: November 9, 2006
Recorded: Document No. 2006-214934

25. Covenants, conditions, restrictions, reservations, agreements, obligations, easements and other provisions set forth in:

DECLARATION OF CONDOMINIUM PROPERTY REGIME OF THE VILLAS AT
KEHALANI

Dated: December 12, 2006
Recorded: Document No. 2006-229725

to which reference is hereby made, but deleting any covenant, condition or restriction indicating a preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin to the extent such covenants, conditions or restrictions violate 42 USC 3604(c) or Section 515-6, HRS, as amended

Condominium Map No. 4346 as amended, filed in the Bureau of Conveyances, State of Hawaii.

The foregoing Declaration was amended by the following:

FIRST AMENDMENT TO DECLARATION OF CONDOMINIUM PROPERTY
REGIME OF THE VILLAS AT KEHALANI AND CONDOMINIUM MAP

Dated: April 16, 2007
Recorded: Document No. 2007-069869

SECOND AMENDMENT TO DECLARATION OF CONDOMINIUM PROPERTY
REGIME OF THE VILLAS AT KEHALANI AND CONDOMINIUM MAP

Dated: October 22, 2007
Recorded: Doucment No. 2007-188055

26. By-Laws of the Association of Apartment Owners of The VILLAS AT KEHALANI :

Dated: December 12, 2006
Recorded: 2006-229726

EXHIBIT "G"

RIGHTS RESERVED BY DEVELOPER

Among other rights, the Developer will have the following reserved rights with respect to the Project which are more particularly set forth in the Declaration, Bylaws and House Rules. Capitalized terms have the same meaning ascribed to such terms in the Declaration.

DECLARATION

A. RESERVED RIGHT TO GRANT AND RECEIVE EASEMENTS. Notwithstanding anything contained in the Declaration to the contrary, Developer does hereby reserve the right unto itself, its successors and assigns, to and until December 31, 2026, to delete, cancel, relocate, realign, reserve, designate, grant and receive any and all easements and rights of way over, under, through, across and upon the Common Elements (including, without limitation, the Limited Common Elements), or involving adjacent parcels of land, deemed necessary or desirable in Developer's sole discretion, including, but not limited to, easements and/or rights of way for utilities, any public-type facility (e.g. for mail delivery), fire lane access, sanitary and storm sewers, retention ponds, cable television, refuse disposal, access rights to adjacent parcels of land, public or other access to open space or any private park area and other similar purposes.

B. RESERVED RIGHT TO ALTER, SUBDIVIDE AND CONSOLIDATE UNITS. Notwithstanding anything provided to the contrary, and except as otherwise provided by law, the Developer shall have the reserved right, at any time or times prior to December 31, 2026 without obtaining the approval of any party with an interest in the Project, including any other Owner and/or mortgagee, to: (1) alter the floor plan of any Unit which it owns at any time, and in any manner Developer deems appropriate, in its absolute discretion, provided that the Common Interest appurtenant to the Unit shall not change; (2) cause the subdivision of any Unit which it owns at any time to create two or more Units provided that the total Common Interest appurtenant to the newly-created Units shall equal the Common Interest appurtenant to the original Unit; (3) convert certain portions of any existing Unit to Limited Common Element status to facilitate any subdivision; and (4) recalculate the Common Interest appurtenant to each Unit upon such subdivision and/or consolidation; provided that the total Common Interest appurtenant to the newly-created Units shall equal the Common Interest appurtenant to the original Units

C. RESERVED RIGHT TO RECHARACTERIZE AND REDESIGNATE LIMITED COMMON ELEMENTS. Developer shall have the reserved right at any time or times prior to December 31, 2026, to amend this Declaration to (1) recharacterize all or a portion of certain Limited Common Elements as may be appurtenant to a Unit owned by Developer as being Common Elements of the Project, thus giving up or waiving the exclusive use of any such area or areas; or (2) redesignate all or a portion of certain Limited Common Elements as may be appurtenant to any Unit owned by Developer, to another Unit or Units.

D. RESERVED RIGHT TO MODIFY PROJECT. Developer shall have the reserved right, to and until December 31, 2026, to effect such modifications to Units and Common Elements in the Project and/or to execute, record and deliver any amendments to this Declaration, the Condominium Map as well as the Bylaws, House Rules and/or Design Guidelines (if any) promulgated hereunder, as may be necessary or required by Developer in its sole and absolute discretion, or to effect compliance by the Project, the Association or by the Developer, with laws which apply to the Project, including, without limitation, the Act and the Fair Housing Act, as amended, 42 U.S.C. §§3601 *et seq.*, including any and all rules and regulations promulgated thereunder, and the Americans With Disabilities Act, as amended, 42 U.S.C. §§ *et seq.*, including any and all rules and regulations promulgated thereunder.

E. RESERVED RIGHT TO CONSTRUCT DRIVEWAYS AND CONSTRUCT AND MAINTAIN GROUP MAILBOX STRUCTURE. Developer shall have the reserved right, to and until December 31, 2026, to maintain and construct driveways and a group mailbox structure anywhere within the Project, including without limitation, within any Limited Common Element area of the Project; provided that the construction of driveways and the group mailbox structure shall not adversely impact or impair the square footage of any Unit of the Project.

F. RESERVED RIGHT TO CONSTRUCT WALKWAYS THROUGH COMMON ELEMENTS. The Developer shall have the reserved right, to and until December 31, 2026, to construct walkways throughout the Common Elements in the Project. Such walkways shall be for the use and enjoyment of the Owners.

The Association shall be responsible for maintenance, repair and replacement of such walkways and for any accessories to such walkways (i.e. lamp posts, benches) and for any costs incurred therefor or associated therewith.

G. RESERVED RIGHT TO ALTER THE NUMBER OF UNITS AND/OR BUILDINGS IN THE PROJECT. The Developer shall have the reserved right, to and until December 31, 2026 (or such other date as may be established by the Developer in its sole discretion), to reduce or increase the number of Units in the Project notwithstanding anything provided to the contrary, and except as otherwise provided by law. Any such alteration to the number of Units and/or buildings in the Project shall be effective provided the Developer follows the procedure set forth in the Declaration.

H. DEVELOPER'S RIGHT TO CONSTRUCT "OPTION AREA(S)." Notwithstanding anything provided to the contrary and except as otherwise provided by law, in the event that certain purchasers of Units elect, as part of their purchase of said Unit from the Developer, to have the Developer construct the Option Area(s) depicted on the Condominium Map for such Unit, the Developer shall have the reserved right, to and until December 31, 2026, to complete the construction of said Option Area(s) in strict conformance with the plan set forth on the Condominium Map. In the event that said purchasers do not elect to have the Developer construct said Option Area(s) as indicated above, but thereafter desire, post-closing and upon becoming Unit Owners, to add said Option Area(s) to the Unit, said Unit Owners, and any subsequent Unit Owners, shall have the right, to and until December 31, 2026, to initiate and facilitate the construction of the Option Area(s); provided that the construction shall be performed by a licensed contractor and shall strictly conform with the plan for such Option Area(s) as set forth on the Condominium Map and with the requirements set forth in the Design Guidelines, if any, the Master Declarations and with all applicable governmental codes, statutes, ordinances and rules and regulations, or with all variances granted therefrom and shall be at such Owner's sole cost and expense. Except as otherwise provided by law, the Developer, in constructing any Option Area(s), based on the specifications set forth in the Condominium Map, shall not be required to obtain the proper consent of the Board or the Design Committee, if any.

I. RESERVED RIGHTS REGARDING ENTITLEMENTS AND PERMITS. Developer shall have the reserved right, to and until December 31, 2026: (1) to amend the Project Documents, including, without limitation, this Declaration, (2) to enter into any agreements, including without limitation, to declare and subject the Land and Improvements to restrictive covenants, (3) to designate and grant easements, (4) to secure any other governmental permits, and (5) to do all things necessary and convenient to satisfy the requirements of any land use or other permits pertaining to the Project, as the same may be amended or modified, and to execute, record and deliver any and all documents necessary to effect the same, including, but not limited to, any amendments to this Declaration and to the Condominium Map.

J. RESERVED RIGHT TO CONDUCT SALES ACTIVITIES. To and until December 31, 2026, Developer does hereby reserve the right unto itself, its brokers, sales agents and other related persons, to conduct extensive sales activities at the Project, including the use of any Unit owned by Developer and its appurtenant Limited Common Elements for model Units, sales, leasing, management and construction offices, parking and extensive sales displays and activities, the posting and maintenance of signs and other advertisements relating to such sales activities, and to install, maintain, locate, relocate, and reconfigure such structures, displays, advertising signs, billboards, flags, sales desks, kiosks, sales, leasing, management and/or construction offices, model Units, interior design and decorator centers, and parking areas for employees, agents, and prospective buyers, as may be necessary or convenient for the proper development and disposition of Units by sale, resale, lease, or otherwise, and the right, but not the obligation, to provide ongoing maintenance, operation, service, construction and repairs to individual Units, until the earlier to occur of (a) December 31, 2026, or (b) the closing of the sale of the last unsold Unit in the Project.

Owner by taking title to a Unit in the Project consents to each of the foregoing reserved rights, and Developer's exercise thereof, and to the recording of any and all documents necessary to effect the same at said Bureau, including any amendment or amendments to the Master Declarations, Declaration, the Condominium Map, the Bylaws, the House Rules and/or the Design Guidelines, if any, as appropriate; agrees to execute, deliver and record such documents and instruments and do such other things as may be necessary or convenient to effect the same; and appoints the Developer and its successors and assigns and the Association as his attorney-in-fact with full power of substitution to execute, deliver and record such documents and instruments and to do such things on Owner's behalf, which grant of such power, being coupled with an interest, is irrevocable for the term of said reserved rights in accordance with Article XXVII of the Declaration, and shall not be affected by the disability of such party or parties.

Notwithstanding anything stated herein to the contrary, the rights reserved to the Developer herein shall be fully assignable by the Developer in whole or in part, and every Unit Owner in the Project and all holders of liens affecting any of the Units and each and every other party acquiring an interest in the Project or any part thereof, by acquiring such Unit, lien or other interest, consents to any such assignment by Developer, and, to the extent designated by the Developer, agrees to recognize any assignee as the "Developer" under this Deed. This right shall be exercised as provided in and in accordance with Article XXVI of the Declaration.

BYLAWS

The Developer has the right to amend the Bylaws as set forth in Article X, Section 13 of the Bylaws. Developer shall have the reserved right to unilaterally amend the Bylaws for the purpose of complying with any applicable State, Federal or County law, or for the purpose of incorporating requirements imposed by any institutional mortgage lender or by the Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, U.S. Department of Housing and Urban Development or Veterans Administration, or for the purpose of bringing the Project and/or the Bylaws into compliance with the laws and rules of any other jurisdiction in which Developer intends to register, market or sell Units. Each and every party acquiring an interest in the Project, by such acquisition, consents to such amendments as described in the preceding sentence and agrees to execute and deliver such documents and instruments and do such other things as may be necessary or convenient to effect the same; and appoints the Developer and its assigns his attorney-in-fact with full power of substitution to execute and deliver such documents and instruments and to do such things on his behalf, which grant of such power, being coupled with an interest, is irrevocable for the term of said reserved rights, and shall not be effected by the disability of such party or parties. Further, no amendment to the Declaration or these Bylaws that affects the Developer's reserved rights contained within the Declaration shall be valid, unless consented to by the Developer in writing.

HOUSE RULES

The Developer has the right to amend the House Rules as set forth in Paragraph M. of the House Rules and Article X, Section 1 of the Bylaws. Prior to the election of the first Board, Developer reserves the right to amend the House Rules in any manner without the joinder, consent or approval of any other party.

* * * * *

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL OF THE RIGHTS RESERVED BY THE DEVELOPER UNDER THE CONDOMINIUM DOCUMENTS. WHILE A PURCHASER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF SUCH RESERVED RIGHTS, PURCHASER SHOULD REFER TO THE CONDOMINIUM DECLARATION TO DETERMINE THE ACTUAL RIGHTS RESERVED BY THE DEVELOPER. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE CONDOMINIUM DECLARATION, THE CONDOMINIUM DECLARATION WILL CONTROL.

EXHIBIT "H"

INITIAL ESTIMATED MAINTENANCE FEES

The amounts set forth in the budget are estimates only and may change for reasons beyond the control of the Developer. Insurance, energy and labor costs are currently in flux and can substantially increase over a short period of time. The Developer cannot predict how changes in the economic, social and political conditions in Hawaii, the U.S. and/or globally may impact such costs. Purchasers are aware and acknowledge that the budget, and, as a result, each purchaser's maintenance fee, will likely increase due to the trend towards the increasing costs of insurance and energy.

Note that also included in the maintenance fees imposed by the Association of unit Owners of The Villas at Kehalani will be the maintenance fees imposed by the master association through the Master Declarations (as defined in the Declaration). Purchasers should carefully review such Master Declarations to become familiar with the rights and financial and other obligations imposed therein.


CERTIFICATE

I, the undersigned, duly sworn on oath, depose and affirm as follows:

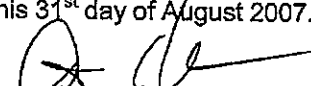
1. That I am the President for Hawaiiana Management Company, Ltd., a Hawaii corporation, designated by the Developer of The Villas at Kehalani condominium project (the "Project") to act as the Managing Agent for the management and administration of the Project.

2. That I hereby certify that the breakdown of the annual maintenance charges and the monthly estimated cost for each unit in the Project, as set forth in Exhibit "1" attached hereto and hereby incorporated herein by reference, were determined pursuant to a reserve study conducted in accordance with Section 514B-148 of the Hawaii Revised Statutes and Chapter 107 of the Hawaii Administrative Rules, and are reasonable estimates for the one-year period commencing September 1, 2006, based on generally accepted accounting principles.

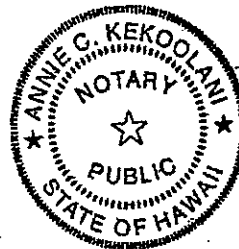
DATED: Honolulu, Hawaii, this 31st day of August 2007.


Name: Emory Bush
Title: President

Subscribed and sworn to before me
this 31st day of August 2007.


Typed or Printed Name: Annie C. Kekoolani
Notary Public, State of Hawaii

My commission expires: 02-16-2010



1474789.1

8-29-07

Villas at Kehalani

Villas at Kehalani
(103 units)

Estimate of Fee Disbursements

Revenue	Monthly Fee	Yearly Total
Maintenance Fees	\$46,136.00	\$553,632.00
Expenses		
Utilities		
Electricity	\$3,387.00	\$40,644.00
Sewer	\$3,219.00	\$38,628.00
Water - Potable	\$3,219.00	\$38,628.00
Water - Irrigation	\$1,800.00	\$21,600.00
Cable TV	\$2,600.00	\$31,200.00
Refuse	\$1,339.00	\$16,068.00
Telephone	\$200.00	\$2,400.00
Subtotal Utilities	\$15,764.00	\$189,168.00
Repairs & Maintenance		
Building Repairs & Maintenance	\$3,000.00	\$36,000.00
Landscaping	\$9,000.00	\$108,000.00
Tree Trimming	\$0.00	\$0.00
Pest Control	\$500.00	\$6,000.00
Subtotal Repairs and Maintenance	\$12,500.00	\$150,000.00
General and Administrative		
Insurance	\$6,640.00	\$79,680.00
Master Association Dues	\$1,280.00	\$15,360.00
Management Fee	\$1,072.00	\$12,864.00
Design Review/Covenant Enforcement	\$500.00	\$6,000.00
Admin/Office Expenses	\$500.00	\$6,000.00
Payroll Preparation	\$150.00	\$1,800.00
Audit and Taxes	\$85.00	\$1,020.00
Payroll and Benefits	\$6,000.00	\$72,000.00
Legal fees and Condo Registration	\$100.00	\$1,200.00
Subtotal General and Administrative	\$16,327.00	\$195,924.00
TOTAL EXPENSES	\$44,591.00	\$535,092.00
Capital Reserve	\$1,545.00	\$18,540.00
Grand Total Expenses	\$46,136.00	\$553,632.00

I, Emory Bush, as agent for/and/or employed by Hawaiiana Management Company, the condominium managing agent/developer for The Villas at Kehalani Condominium project, hereby certify that the above estimates of initial maintenance fee assessments and maintenance fee disbursements were prepared in accordance with generally accepted accounting principals on a cash basis.

Signature

Date

Pursuant to 514B-1487b, Hawaii Revised Statutes, a new association need not collect estimated replacement reserves until the fiscal year which begins after the association's first annual meeting. The Developer has not conducted a reserve study for the Project. The budget amount for Reserves is an estimate only.

The amounts set forth in the budget are estimates only and may change for reasons beyond the control of the developer. Insurance, energy and labor costs are currently in flux and can substantially increase over a short period of time. The developer cannot predict how changes in the economic, social and political conditions in Hawaii, the U.S. and/or globally may impact such costs. Purchasers are aware and acknowledge that the budget, and, as a result, each purchaser's maintenance fee, will likely increase due to the trend towards increasing costs of insurance and energy.

8-29-07

Estimate of Maintenance FeesVillas at Kehalani
(103 units)

Apartment Number	Apartment Type	Percent Common Interests	Monthly Fee	Yearly Total
101	1	1.007216%	\$464.69	\$5,576.27
102	2	0.878437%	\$405.28	\$4,863.31
103	2R	0.878437%	\$405.28	\$4,863.31
104	1R	1.007237%	\$464.70	\$5,576.39
201	3	1.067004%	\$492.27	\$5,907.28
202	3R	1.067004%	\$492.27	\$5,907.28
203	2	0.878437%	\$405.28	\$4,863.31
301	3	1.067004%	\$492.27	\$5,907.28
302	3R	1.067004%	\$492.27	\$5,907.28
401	3	1.067004%	\$492.27	\$5,907.28
402	3R	1.067004%	\$492.27	\$5,907.28
501	1	1.007237%	\$464.70	\$5,576.39
502	2	0.878437%	\$405.28	\$4,863.31
503	2R	0.878437%	\$405.28	\$4,863.31
504	1R	1.007237%	\$464.70	\$5,576.39
601	1	1.007237%	\$464.70	\$5,576.39
602	2	0.878437%	\$405.28	\$4,863.31
603	2R	0.878437%	\$405.28	\$4,863.31
604	1R	1.007237%	\$464.70	\$5,576.39
701	2R	0.878437%	\$405.28	\$4,863.31
702	3	1.067004%	\$492.27	\$5,907.28
703	3R	1.067004%	\$492.27	\$5,907.28
801	3	1.067004%	\$492.27	\$5,907.28
802	3R	1.067004%	\$492.27	\$5,907.28
803	2	0.878437%	\$405.28	\$4,863.31
901	1	1.007237%	\$464.70	\$5,576.39
902	2	0.878437%	\$405.28	\$4,863.31
903	2R	0.878437%	\$405.28	\$4,863.31
904	1R	1.007237%	\$464.70	\$5,576.39
1001	1	1.007237%	\$464.70	\$5,576.39
1002	2	0.878437%	\$405.28	\$4,863.31
1003	2R	0.878437%	\$405.28	\$4,863.31
1004	1R	1.007237%	\$464.70	\$5,576.39
1101	1	1.007237%	\$464.70	\$5,576.39
1102	2	0.878437%	\$405.28	\$4,863.31
1103	2R	0.878437%	\$405.28	\$4,863.31
1104	1R	1.007237%	\$464.70	\$5,576.39
1201	3	1.067004%	\$492.27	\$5,907.28
1202	3R	1.067004%	\$492.27	\$5,907.28
1203	2	0.878437%	\$405.28	\$4,863.31

8-29-07

Estimate of Maintenance FeesVillas at Kehalani
(103 units)

Apartment Number	Apartment Type	Percent Common Interests	Monthly Fee	Yearly Total
1301	2R	0.878437%	\$405.28	\$4,863.31
1302	3	1.067004%	\$492.27	\$5,907.28
1303	3R	1.067004%	\$492.27	\$5,907.28
1401	1	1.007237%	\$464.70	\$5,576.39
1402	2	0.878437%	\$405.28	\$4,863.31
1403	2R	0.878437%	\$405.28	\$4,863.31
1404	1R	1.007237%	\$464.70	\$5,576.39
1501	1	1.007237%	\$464.70	\$5,576.39
1502	2	0.878437%	\$405.28	\$4,863.31
1503	2R	0.878437%	\$405.28	\$4,863.31
1504	1R	1.007237%	\$464.70	\$5,576.39
1601	3	1.067004%	\$492.27	\$5,907.28
1602	3R	1.067004%	\$492.27	\$5,907.28
1603	2	0.878437%	\$405.28	\$4,863.31
1701	1	1.007237%	\$464.70	\$5,576.39
1702	2	0.878437%	\$405.28	\$4,863.31
1703	2R	0.878437%	\$405.28	\$4,863.31
1704	1R	1.007237%	\$464.70	\$5,576.39
1801	3	1.067004%	\$492.27	\$5,907.28
1802	3R	1.067004%	\$492.27	\$5,907.28
1803	2	0.878437%	\$405.28	\$4,863.31
1901	2R	0.878437%	\$405.28	\$4,863.31
1902	3	1.067004%	\$492.27	\$5,907.28
1903	3R	1.067004%	\$492.27	\$5,907.28
2001	1	1.007237%	\$464.70	\$5,576.39
2002	2	0.878437%	\$405.28	\$4,863.31
2003	2R	0.878437%	\$405.28	\$4,863.31
2004	1R	1.007237%	\$464.70	\$5,576.39
2101	1	1.007237%	\$464.70	\$5,576.39
2102	2	0.878437%	\$405.28	\$4,863.31
2103	2R	0.878437%	\$405.28	\$4,863.31
2104	1R	1.007237%	\$464.70	\$5,576.39
2201	1	1.007237%	\$464.70	\$5,576.39
2202	2	0.878437%	\$405.28	\$4,863.31
2203	2R	0.878437%	\$405.28	\$4,863.31
2204	1R	1.007237%	\$464.70	\$5,576.39
2301	2R	0.878437%	\$405.28	\$4,863.31
2302	3	1.067004%	\$492.27	\$5,907.28
2303	3R	1.067004%	\$492.27	\$5,907.28
2401	3	1.067004%	\$492.27	\$5,907.28

8-29-07

Estimate of Maintenance FeesVillas at Kehalani
(103 units)

Apartment Number	Apartment Type	Percent Common Interests	Monthly Fee	Yearly Total
2402	3R	1.067004%	\$492.27	\$5,907.28
2403	2	0.878437%	\$405.28	\$4,863.31
2501	2R	0.878437%	\$405.28	\$4,863.31
2502	3	1.067004%	\$492.27	\$5,907.28
2503	3R	1.067004%	\$492.27	\$5,907.28
2601	1	1.007237%	\$464.70	\$5,576.39
2602	2	0.878437%	\$405.28	\$4,863.31
2603	2R	0.878437%	\$405.28	\$4,863.31
2604	1R	1.007237%	\$464.70	\$5,576.39
2701	2R	0.878437%	\$405.28	\$4,863.31
2702	3	1.067004%	\$492.27	\$5,907.28
2703	3R	1.067004%	\$492.27	\$5,907.28
2801	1	1.007237%	\$464.70	\$5,576.39
2802	2	0.878437%	\$405.28	\$4,863.31
2803	2R	0.878437%	\$405.28	\$4,863.31
2804	1R	1.007237%	\$464.70	\$5,576.39
2901	1	1.007237%	\$464.70	\$5,576.39
2902	2	0.878437%	\$405.28	\$4,863.31
2903	2R	0.878437%	\$405.28	\$4,863.31
2904	1R	1.007237%	\$464.70	\$5,576.39
3001	3	1.067004%	\$492.27	\$5,907.28
3002	3R	1.067004%	\$492.27	\$5,907.28
3003	2	0.878437%	\$405.28	\$4,863.31
		100.000000%	\$46,136.00	\$553,632.00

EXHIBIT "T"

SUMMARY OF SPECIMEN SALES CONTRACT

Capitalized terms have the same meaning as ascribed to such terms in the Sales Contract ("Sales Contract").

The specimen Sales Contract, filed with the State of Hawaii Real Estate Commission, provides for, among other things, a description of the Unit to be sold, the purchase price, the closing costs, the time, manner and place of payment, the Purchaser's obligations regarding financing, the Seller's warranties and disclaimers regarding the Condominium Map and the Project, and the remedies of the Seller and of the Purchaser in the event of a default under the Sales Contract. The Sales Contract further provides that any form of reservation agreement entered into between Purchaser and Seller prior to execution of the Sales Contract shall be automatically terminated upon execution of the Sales Contract and all deposits held under such reservation agreement shall be applied to the Sales Contract, in the manner set forth in the Sales Contract.

Among other provisions, the specimen Sales Contract provides:

1. Prior to execution of the Sales Contract, Purchaser shall receive a true copy of the Public Report for the Project, either personally or by registered or certified mail with return receipt requested, and the Notice of Right to Cancel advising Purchaser of Purchaser's right to cancel the Sales Contract, the delivery of which is required by Hawaii Revised Statutes, Section 514B-86. Purchaser shall also have been given an opportunity to read said report.

2. Purchaser may cancel the Sales Contract within thirty (30) days of Purchaser's receipt of the Notice of Right to Cancel. It is understood that Purchaser may, at any time after Purchaser's receipt of the Notice of Right to Cancel, waive Purchaser's right to cancel the Sales Contract. If Purchaser shall fail to execute the Notice of Right to Cancel within thirty (30) days of Purchaser's receipt of the Public Report, Purchaser shall be deemed to have waived Purchaser's right to cancel the Sales Contract (by Purchaser's failure to give said written notice of cancellation). The conveyance of the Unit to Purchaser within the thirty (30)-day period referenced above shall also be treated as a waiver by Purchaser of Purchaser's right to cancel the Sales Contract.

3. Notwithstanding anything provided in the Sales Contract to the contrary, Seller shall complete construction of the building in which the Unit is located so as to permit normal occupancy of the Unit within two (2) years from that date that Purchaser signs the Sales Contract. Notwithstanding the foregoing, such two (2) year period shall be extended for any period of time during which Seller is actually and necessarily delayed in beginning or completing construction if such delay is caused by events which are legally recognized under Hawaii law as defenses to contract actions based on impossibility of performance or frustration, including, but not limited to, fire, earthquake, act of God, the elements, war or civil disturbances, litigation, strikes or other labor disturbances, or economic controls making it impossible to obtain the necessary labor or materials, or any other matter or condition beyond Seller's control. If such construction is not completed within the two-year period, Purchaser will have the right to cancel the Sales Contract, as set forth in the Sales Contract.

4. If the Sales Contract shall become binding prior to the completion of construction, the Sales Contract shall provide a Completion Deadline for Seller's completion of the Project. If the Project is not completed by the Completion Deadline, Purchaser may cancel his or her Sales Contract at any time thereafter.

5. The Seller has entered into an Escrow Agreement, summarized in Exhibit "J" herein, with Island Title Corporation ("Escrow"), covering the deposit with Escrow of all funds paid by the Purchaser under the Sales Contract and the disbursement of the funds by Escrow. Escrow may charge a cancellation fee on account of escrow services performed not to exceed \$250.00.

6. The Sales Contract requires the Purchaser to pay the Total Purchase Price by a series of payments prior to Closing. Such payments include any Reservation Deposit, due prior to execution of the Sales Contract, if any, the Initial Deposit, due when Purchaser signs the Sales Contract and the Second Deposit, due on the date set

forth in the Sales Contract. Purchaser shall then deposit within two (2) business days prior to the Closing Date, the remaining Balance Due, as defined in the Sales Contract.

7. The Sales Contract provides that Purchaser will receive interest on Purchaser's Deposits as set forth in the Sales Contract.

8. Purchaser's obligations under the Sales Contract are not contingent or conditional on Purchaser's ability to secure financing from a mortgage lender or on Purchaser's ability to sell Purchaser's current residence or any other property. Financing by Seller of any portion of the Total Purchase Price is not available.

9. The Sales Contract provides that Purchaser will pay all closing costs associated with the purchase and sale. The Sales Contract also provides that at Closing, Purchaser shall pay (a) one (1) month's maintenance fee for the Condominium Association, and (b) a non-refundable, non-transferable start-up fee to the Condominium Association in the amount equal to two (2) months of maintenance fee assessments. These start-up fees are one-time assessments at Closing and are not advance payments of common expenses or assessments, and shall be in addition to the normal monthly assessments.

10. The Sales Contract provides that it shall not be construed as a present transfer of any rights or of any interest in the Unit, but rather states that it is an agreement to transfer in the future. By execution of the Sales Contract, the Purchaser agrees to waive, relinquish and subordinate the priority or superiority of any lien or other legal or equitable interest arising under the Sales Contract in favor of the lien or charge on the Project of the security interests of the Lender, including but not limited to any lien, mortgage or charge securing a loan made to finance the acquisition of the land and the costs of construction (if applicable) and any and all advances therefore until the filing of the Unit Deed.

11. The Sales Contract provides that it may not be assigned by Purchaser. Any assignment of the Sales Contract is void and of no legal effect. Notwithstanding the foregoing, Purchaser may assign its rights under the Sales Contract to affiliated entities for estate planning purposes without the consent of Seller, provided that any such assignment shall not release Purchaser from its obligations under the Sales Contract. In the event that Purchaser decides to make such an assignment for estate planning purposes, Purchaser shall provide written notice thereof to Seller at least five (5) days prior to the Pre-Closing Date, as defined in the Sales Contract, and shall provide to Seller copies of such documents as Seller, in its sole and absolute discretion, deems necessary to complete Closing.

12. The Sales Contract provides that any dispute by or between Seller and Purchaser arising out of or incident to the Sales Contract, or the development or management of the Project, the sale of the Unit or the use or occupancy thereof, or any other aspect of the relationship between Seller and Purchaser regarding the Project which is raised or otherwise asserted after Closing shall be submitted to mediation and, if necessary, to arbitration in accordance with the terms, conditions and procedures set forth in the Sales Contract. The Sales Contract also provides that any dispute by or between Seller and Purchaser arising out of or incident to the Sales Contract that is raised or otherwise asserted before Closing need not be submitted to arbitration, and Seller and Purchaser shall be free to pursue such dispute, as otherwise provided herein, in proceedings in a court of competent jurisdiction, provided that any judicial proceedings initiated shall be conducted in Honolulu, Hawaii.

13. The Seller, for registration purposes, has separated and continues to separate the total units in the Project into groups covered by multiple Public Reports in order to accommodate changing construction and/or marketing strategies. The Seller hereby discloses that although separate Public Reports may eventually be filed and issued for each phase of the Project, which may consist of up to a total of ten (10) separate phases, all 103 units, or lesser number actually constructed, still legally comprise a single legal condominium project on the land described in the Declaration. In other words, the act of separating the various units into different marketing and sales phases does not create separate and distinct condominium projects, but only creates separate "projects" for condominium registration purposes. Accordingly, the entire Project is subject to the Declaration and the common elements set forth therein. The Seller currently intends to complete all phases in the Project and intends to concurrently construct the common elements throughout the construction of each phase and as such, the common element areas will all not be completed at the same time. Purchasers should be aware that all of the common element areas may not be completed and available for until after Purchaser closes on their unit and for a period of time thereafter.

Furthermore, pursuant to Seller's reserved rights in the Declaration, as Developer, to alter the number of buildings and units in the Project, the Seller may readjust the number of phases in the Project, the number of units per phase or may not complete all phases of the Project.

* * * * *

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE SALES CONTRACT. WHILE A PURCHASER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF THE PURCHASER'S RIGHTS AND OBLIGATIONS UNDER THE SALES CONTRACT, PURCHASER MUST REFER TO THE SALES CONTRACT TO DETERMINE PURCHASER'S ACTUAL RIGHTS AND OBLIGATIONS. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE SALES CONTRACT, THE SALES CONTRACT WILL CONTROL.

EXHIBIT "J"

SUMMARY OF ESCROW AGREEMENT

The Escrow Agreement for the Project dated December 12, 2006 ("Agreement") contains the following provisions (which may be modified or otherwise limited by provisions which are not summarized hereinbelow):

1. As and when Seller shall enter into a reservation agreement ("Reservation Agreement") or a sales contract ("Sales Contract") for the reservation of or the conveyance of a Unit or other interest in the Project, it shall require the payments of deposits due thereunder to be promptly made to Escrow. Seller shall deliver an executed copy of the reservation agreement, if any, or Sales Contract to Escrow together with the name(s) and address(es) of the purchaser as noted on the Reservation Agreement or Sales Contract or otherwise as updated by the purchaser with Seller as being purchaser's last known address.

2. Escrow shall receive, deposit and hold in separate escrow accounts and disburse as set forth in the Agreement: (a) all payments received by it under the reservation agreements and/or Sales Contracts, (b) such sums received by it under the Agreement from or for the account of Seller, and (c) all sums received by it from any other source with respect to the Project. Escrow shall not at any time commingle or permit the commingling of any purchaser's funds with funds belonging to or held for the benefit of Seller. All funds and instruments received from purchasers or prospective purchasers shall be held by Escrow in accordance with the provisions contained in Chapter 514B of the Hawaii Revised Statutes. All monies received by Escrow hereunder shall be deposited, within a reasonable time of the receipt by Escrow and in reasonably convenient and practical sums, in a trust fund with a bank, savings and loan or trust company authorized to do business in the State of Hawaii under an escrow arrangement, and shall be held in immediately available funds in accordance with the terms of the Agreement.

3. Notwithstanding anything in the Agreement to the contrary, Escrow shall make no disbursements of purchasers' funds or proceeds from the reservation of or sale of units in the Project (including any payments made on loan commitments from lending institutions), except by way of refunds thereof as provided in the Agreement, until (a) Seller has obtained an effective date for the Public Report for the Project and has delivered to Purchaser a true copy of the Public Report, including all amendments, with effective dates issued by the Real Estate Commission, (b) purchaser has waived or is deemed to have waived any right to cancel or rescind the Sales Contract and (c) Seller has affirmed to Escrow that there has been no Material Change in the Project, as defined in the Condominium Property Act.

4. If deposits from purchaser are to be released prior to closing or if units are conveyed or leased prior to completion of construction, Seller shall certify to Escrow in writing and to Escrow's satisfaction that: (1) Seller has complied with all of the requirements of Section 514B-92 or Section 514B-93 of the Hawaii Revised Statutes, as applicable and (2) that Seller has complied with the requirements of paragraphs 6(a), 6(b) and 6(c), of the Agreement.

5. Each purchaser shall be entitled to a return of his or her funds, without interest, unless otherwise provided in the Agreement, and Escrow shall pay such funds to such purchaser, promptly after request for return by the purchaser, if one of the following has occurred:

- (a) A return of funds is requested pursuant to the terms of the Reservation Agreement, if any;
- (b) Seller and purchaser shall have requested Escrow in writing to return to purchaser the funds of purchaser held hereunder by Escrow;
- (c) Seller shall have notified Escrow of purchaser's exercise of purchaser's right to cancel the Sales Contract pursuant to Section 514B-86 of the Hawaii Revised Statutes (thirty-day right to cancel);
- (d) Seller shall have notified Escrow of Seller's exercise of the option to cancel or rescind the Sales Contract pursuant to any right of cancellation or rescission provided therein or otherwise available to Seller;

(e) If the Sales Contract is signed prior to the completion of construction, Seller shall have notified Escrow of purchaser's right to cancel the Sales Contract pursuant to Section 514B-89 of the Hawaii Revised Statutes (failure to complete construction before specified completion deadline); or

(f) Seller shall have notified Escrow of purchaser's exercise of purchaser's right to rescind the Sales Contract pursuant to Section 514B-87 of the Hawaii Revised Statutes, by a valid rescission signed by all purchasers of the affected unit and postmarked no later than midnight of the thirtieth calendar day after the date that purchasers received the notice of rescission from Seller.

Upon the cancellation of any Sales Contract as specified above, Escrow shall be entitled to a cancellation fee up to a maximum of \$250.00, plus all costs incurred by Escrow, which shall be paid by the purchaser unless otherwise provided in the Agreement. Escrow shall not be entitled to a cancellation fee where a return of funds is requested pursuant to the terms of the Reservation Agreement.

6. Except as otherwise provided by law, Escrow shall give each purchaser entitled to a return of his or her funds notice thereof by certified or registered mail, addressed to such purchaser at his address shown on the Sales Contract or any address later made known to Escrow by such purchaser. If such purchaser shall not have claimed such refund within sixty (60) days from the date said notice is mailed, Escrow shall deposit such funds into a special account in a bank or other depository selected by Escrow in the name of Seller, as trustee for the benefit of such purchaser. After having sent Seller written notice of the foregoing acts, Escrow shall thereupon be released from further liability hereunder with respect to such funds and such purchaser.

7. If the purchaser fails to make any payment on or before the due date thereof or if the purchaser does or fails to do any act that would constitute an event of default under the Sales Contract, Escrow shall promptly give to such purchaser and to Seller, written notice of default. If the purchaser has failed to cure the default after the delivery of notice by Escrow and such default continues after the expiration of any grace period, Escrow shall so advise Seller. If Seller shall thereafter certify in writing to Escrow: (a) that Seller has elected to terminate the Sales Contract and has notified the purchaser, or (b) that purchaser is otherwise in default, then, and in either event, Escrow, subject to the provisions relating to dispute and conflicting demands set forth in paragraph 15 of the Agreement, shall thereafter treat all funds of the purchaser paid under such Sales Contract, less Escrow's cancellation fee, as funds of Seller and not of the purchaser. Thereafter, such funds shall be held free of the escrow established by the Agreement and shall be held by Escrow for the account of Seller. Upon written request by Seller, Escrow shall pay such funds (less Escrow's cancellation fee).

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THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE ESCROW AGREEMENT. WHILE A PURCHASER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF THE ESCROW AGREEMENT, PURCHASER MUST REFER TO THE ESCROW AGREEMENT TO DETERMINE PURCHASER'S ACTUAL RIGHTS AND OBLIGATIONS. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE ESCROW AGREEMENT, THE ESCROW AGREEMENT WILL CONTROL.

EXHIBIT "K"

SUMMARY OF CONSTRUCTION WARRANTIES

A summary of the warranties for individual Units and the Common Elements, including the beginning and ending dates for such warranties, are as follows:

A. BUILDING AND OTHER IMPROVEMENTS:

Developer has entered into an agreement with the general contractor for the Project whereby the general contractor will agree to provide, for the benefit of the Seller, the following:

1. A limited warranty which warrants the materials utilized for, and the workmanship of, the "site improvements" of the Project ("Site Work Limited Warranty") to be free from defects, subject to exclusions, limitations and other requirements noted in said Site Work Limited Warranty and the "Homeowner's Manual" prepared by Stanford Carr Development, LLC and provided to each purchaser at closing. The one-year warranty period for the Site Work Limited Warranty begins on the date that the unit deed for a unit is recorded at said Bureau; and

2. A limited warranty ("Building Construction Limited Warranty") which warrants the materials and workmanship in the units of the Project to be free from defects for a period of one (1) year, subject to exclusions, limitations and other requirements noted in said Building Completion Limited Warranty and said "Homeowner's Manual." The one-year warranty period for the Building Construction Limited Warranty begins on the date that the unit deed for a unit is recorded at said Bureau.

Developer may assign the warranties described above to future purchasers if such warranties are still in effect at the time the unit is conveyed. The Developer however, makes no representation or warranty whatsoever as to whether such warranties can be further transferred. Any rights of inspection of the unit described in the Sales Contract conveyed to Purchaser by Developer pursuant to the Sales Contract shall not extend to any future Purchasers of such unit.

Developer also agrees to provide each Purchaser with a transferable "Ten-Year Limited Warranty" covering construction defects (as such term is defined in the Ten-Year Limited Warranty) in the purchaser's Unit. The term of the Ten-Year Limited Warranty is ten (10) years commencing for each Unit on the date of closing of the Unit. The Ten-Year Limited Warranty requires that all disputes between the Developer and a purchaser concerning the Ten-Year Limited Warranty or the sale or construction of the unit be resolved by binding arbitration. Developer shall provide each Purchaser with a copy of the Limited Warranty and strongly recommends that each purchaser read the Ten-Year Limited Warranty in its entirety. TO THE EXTENT PERMITTED BY LAW, THE TEN-YEAR LIMITED WARRANTY IS GIVEN IN LIEU OF ALL OTHER EXPRESS OR IMPLIED WARRANTIES, INCLUDING, WITHOUT LIMITATION, IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, HABITABILITY OR OTHERWISE. THE TEN-YEAR LIMITED WARRANTY DOES NOT COVER INCIDENTAL, CONSEQUENTIAL OR SECONDARY DAMAGES, NOR DOES IT COVER DAMAGES FOR BODILY INJURY.

B. APPLIANCES:

The Developer will pass on the manufacturers' or other vendors' warranties made to it, if any, on any appliances included as part of the unit being conveyed.

Note (as to 1 and 2 above): Except as provided above, Developer disclaims any implied warranty of habitability, any implied warranty of merchantability, any implied warranty of fitness for a particular purpose or use, any implied warranty of workmanship and any other express or implied warranties, with respect to the units, the Project, the Common Elements, or as to any appliances and furnishings contained within the Units or the Project.

THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE CONSTRUCTION OR APPLIANCE WARRANTIES. WHILE A PURCHASER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF THE WARRANTIES PROVIDED, PURCHASER MUST REFER TO THE CONSTRUCTION AND APPLIANCE WARRANTIES TO DETERMINE PURCHASER'S ACTUAL COVERAGES, RIGHTS AND OBLIGATIONS. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE CONSTRUCTION AND/OR APPLIANCE WARRANTIES, THE CONSTRUCTION AND/OR APPLIANCE WARRANTIES SHALL PREVAIL.

EXHIBIT "L"

SUMMARY OF SPECIMEN UNIT DEED

Capitalized terms have the same meaning ascribed to such terms in the unit Deed.

The specimen Unit Deed, Encumbrances and Reservations of Rights for The Villas at Kehalani ("Deed" or "Unit Deed") contains, among others, the following provisions (which may be modified or otherwise limited by provisions which are not summarized hereinbelow):

1. The premises conveyed comprise a portion of The Villas at Kehalani condominium property regime ("Project") situate at Wailuku, County of Maui, State of Hawaii.
2. The Developer ("Developer") is the lawful Owner of the fee simple interest in the real property and the rights to be transferred to the Purchaser; the same are free and clear of and from all encumbrances except as identified in the Deed and except for the lien of real property taxes not yet by law required to be paid; the Developer has good right and title to sell and convey said real property in the manner set forth in the Deed; and the Developer will WARRANT AND DEFEND the same unto the Purchaser forever against the lawful claims and demands of all persons, except as mentioned in the Deed.
3. Purchaser agrees and consents to the exercise by Developer of any of its reserved rights set forth in the Deed and in the Declaration, and Purchaser agrees to sign such documents and do such things as may be required to permit Developer to exercise those reserved rights, including the signing, delivering and filing of all documents which may be necessary. Purchaser appoints Developer as Purchaser's "attorney-in-fact" which means that Developer can act for Purchaser or on Purchaser's behalf, with "full power of substitution," which means that someone else may take Developer's place to sign, deliver and file all documents and to do all things on Purchaser's behalf, which grant of authority, being coupled with an interest, which means that the Developer has an interest beyond just in the power Purchaser is giving, the power of attorney cannot be revoked by Purchaser for the term of the reserved rights, and the power of attorney will not be affected by Purchaser's disability.
4. Purchaser agrees, for the benefit of all other Owners of the other units in the Project, to at all times observe, perform, comply with and abide by all of the covenants, agreements, obligations, conditions and other provisions set forth in the Declaration, Master Declarations, the Bylaws and the House Rules as any of the same exist or may hereafter be amended in accordance with law, and accepts and approves of the Declaration, Master Declarations, Bylaws and House Rules.
5. Purchasers shall be obligated to start payment of assessments under the Master Declaration as of the date of recordation of the deed.

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THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL TERMS AND PROVISIONS CONTAINED IN THE UNIT DEED. WHILE A PURCHASER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF THE UNIT DEED, PURCHASER MUST REFER TO THE UNIT DEED TO DETERMINE PURCHASER'S ACTUAL RIGHTS AND OBLIGATIONS. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE UNIT DEED, THE UNIT DEED WILL CONTROL.

EXHIBIT "M"

SUMMARY OF SPECIAL USE RESTRICTIONS

Capitalized terms have the same meaning ascribed to such terms in the Declaration.

A. USES OTHER THAN RESIDENTIAL USE OF UNITS PROHIBITED. Except as provided herein, the Units shall be occupied and used only as private dwellings by the respective Owners thereof, their tenants, families, domestic servants and social guests, and for no other purpose. Notwithstanding anything contained herein or in law to the contrary, the Units in the Project or any interest therein shall not be the subject of or sold, transferred, conveyed, leased, occupied, rented or used at any time under a time share plan (as defined in Hawaii Revised Statutes, Chapter 514E, as amended) or similar arrangement or program whether covered by Chapter 514E or not, or under any so-called "fractional ownership", "fractional interest ownership", "rental pool", "vacation license", "travel club membership", "club membership", "destination club membership", "membership club" or "time-interval ownership" or "interval ownership" as offered and established through a third party vacation membership service provider who is in the business of providing such programs. Furthermore, the Units shall not be used for transient or hotel purposes, which are defined as (i) rental for any period less than thirty (30) days, or (ii) any rental in which the occupants of the Unit are provided customary hotel or rental services. No business or trade of any kind may be conducted in or from any Unit or any portion of the Project except that an Owner or occupant residing in a unit may conduct business activity within the Unit so long as: (a) the existence or operation of the business activity is not apparent or detectable by sight, sound, or smell from the exterior of the Unit; (b) the business activity conforms to all zoning requirements for the Project; (c) the business activity does not involve persons coming onto the Project who do not reside in the Project; (d) the business activity does not increase the liability or casualty insurance obligation or premium of the Association; and (e) the business activity is consistent with the residential character of the Project and does not constitute a nuisance or hazardous or offensive use, as may be determined in the sole discretion of the Board.

The terms "business" and "trade," as used in this Section, shall be construed to have their ordinary generally accepted meaning and shall include, without limitation, any work or activity undertaken on an ongoing basis which involves the provision of goods or services to persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether (i) such activity is engaged in full-or part-time; (ii) such activity is intended to or does generate a profit; and (iii) a license is required therefor.

B. OWNERS' RIGHT TO LEASE UNITS. Subject to those certain prohibitions on uses set forth in Section A above, the Owners of the respective Units shall have the absolute right to lease such Units subject to all provisions of this Declaration, the Master Declarations, the Bylaws, the House Rules and the Design Guidelines Rules (if any); provided, however, that (i) all leases shall be in writing, signed by the Owner or Owner's representative and the tenant, (ii) all leases shall have a term of not less than thirty (30) days, (iii) no leasing of less than an entire Unit shall be allowed, and (iv) Owner gives notice in writing to the Association that such Owner's Unit is being leased out. Such Owner's right to lease is subject to any owner-occupant requirements under Part V.B of the Act.

C. OWNERS' RIGHT TO SELL UNITS. The Owners of the respective Units shall have the absolute right to sell or otherwise transfer such Units subject to all provisions of the Act, this Declaration, the Bylaws, the House Rules, the Design Committee Rules (if any) and the Master Declarations.

D. SEPARATE MORTGAGES. Each Owner shall have the right to mortgage or to otherwise encumber all, but not less than all, of such Owner's Unit as security for repayment of a loan. Any mortgage shall be subordinate to all of the provisions of the Project Documents and, in the event of foreclosure, the provisions of the Project Documents shall be binding upon any Owner whose title is derived through foreclosure by private power of sale, judicial foreclosure or otherwise. Notwithstanding any other provision of the Project Documents, no breach of the provisions herein contained, nor the enforcement of any lien created pursuant to the provisions hereof, shall impair, defeat or render invalid the priority of the lien of any mortgage encumbering a Unit or encumbering Developer's interest in the Project.

E. PROHIBITION ON ACTIVITIES THAT MAY JEOPARDIZE THE PROJECT. No Unit Owner shall do or suffer or permit anything to be done or kept on or in any Unit or appurtenant Limited Common Element or elsewhere on the Project that will: (1) injure the reputation of the Project; (2) jeopardize the safety or soundness of the Project; (3) create a nuisance or interfere with or unreasonably disturb the rights of other Owners and occupants; (4) reduce the value of the Project; (5) result in the cancellation of insurance applicable to the Project or adversely affect the right of recovery thereunder or result in reputable companies refusing to provide insurance as required or permitted by the Bylaws; (6) increase the rate of insurance applicable to the Units or the contents thereof, or to the Project; or (7) violate any applicable law, ordinance, statute, rule or regulation of any local, county, state or federal government or agency thereof.

F. OWNERS TO MAINTAIN UNITS AND LIMITED COMMON ELEMENTS IN GOOD ORDER. The Owner of a Unit shall keep the interior of his or her Unit and all appliances, plumbing, electrical and other fixtures and appurtenances constituting a part of the Unit and the Limited Common Elements appurtenant thereto in good order and repair, and shall be responsible for any damage or loss caused by his or her failure to do so. Decisions on repairs or modifications to the Limited Common Elements shall be made by the Owners of Units to which such Limited Common Elements are appurtenant, subject to the provisions of Article VI, Section D above, and subject to any additional provisions stated in the Bylaws. Unit Owners shall be responsible for any damage or loss caused by such Owner's tenants, guests, or invitees to any of the Common Elements and Limited Common Elements.

G. USE OF LIMITED COMMON ELEMENTS. Subject to the reserved rights of Developer herein and reserved to the declarant in the Master Declaration, Unit Owners shall have the right to use the Limited Common Elements appurtenant to their Units for any purpose permitted by zoning and other applicable laws, this Declaration, the Master Declarations and the House Rules. Notwithstanding anything provided to the contrary, or from which a contrary intent may be inferred, neither the Board nor the Association shall have any right to change the use of or lease or otherwise use any Limited Common Element without the prior written consent of all Units to which such Limited Common Element is appurtenant. The Owners of at least sixty-seven percent (67%) of the Common Interests that are appurtenant to Units to which any particular Limited Common Element shall be appurtenant shall have the right to change the use of a particular Limited Common Element.

H. SEVERANCE OF COMMON ELEMENTS FROM UNIT. No Owner shall be entitled to sever his or her Unit, or any portion thereof, from his or her undivided interest in the Common Elements, in any easement interests appurtenant thereto or licenses granted under this Declaration. Neither may such component interests be severally sold, conveyed, leased, encumbered, hypothecated or otherwise dealt with, and any such attempt to do so in violation of this provision shall be void and of no effect. Developer and its successors, assigns and grantees and each Owner each covenant and agree that the Units and the corresponding undivided interest in the Common Elements and the easements, licenses and other interests appurtenant thereto, shall not be separated or separately conveyed, and (1) each such undivided interest in the Common Elements and any easements appurtenant to a Unit shall be deemed to be conveyed or encumbered with its respective Unit even though the description in the instrument of conveyance or encumbrance may refer only to title to the Unit, and (2) each such Unit shall be deemed to be conveyed or encumbered with its respective undivided interest in the Common Elements and in any easements, licenses or other interests appurtenant thereto even though the description in the instrument of conveyance or encumbrance may refer only to the title to the respective undivided interest.

I. SEPARATION, COMBINATION OF UNITS; TRANSFER OF INTEREST. No Owner may partition or separate a Unit or the legal rights comprising ownership of a Unit from any other part thereof, nor shall an Owner combine a Unit with another or any portion of another Unit. No Owner shall sell, assign, convey, transfer, gift, devise, bequeath, hypothecate or encumber anything other than a single, complete Unit; provided, however, that nothing herein contained shall (1) limit the right of Developer and its successors and assign to sell Units as contemplated herein, or (2) restrict the manner in which title to Unit may lawfully be held under Hawaii law (e.g., joint tenants, tenants in common, or the like). Except as provided in clause (1) above, every sale, assignment, conveyance, transfer, gift, devise, bequest, hypothecation, encumbrance or other disposition of a Unit or any part thereof shall be presumed to be a disposition of the entire Unit, together with all appurtenant rights and interests created by law or by the Project Documents and the Master Declarations. The transfer of any Unit shall operate to

the new owner of the Unit the interest of the prior owner in all funds held by the Association even though not expressly mentioned or described in the instrument of transfer, and without any further instrument or transfer.

Notwithstanding the foregoing, for as long as Developer owns a Unit, Developer shall have the right to (1) relocate the boundaries of and between two adjoining Units, (2) physically combine a part of or combination of parts of the space of one Unit with a part of or combination of parts of the space within one or more adjoining Units, or (3) subdivide a Unit or part of a Unit to create additional Units (in each case, provided that the affected Units are owned by Developer or the Owners of the affected Units otherwise consent). Before exercising its rights herein, Developer must obtain all necessary approvals from any governmental authority having jurisdiction over the Units. The cost and expense incurred for legal, architectural and/or engineering fees and all other costs and expenses incurred by the Association in connection with Developer's exercise of rights under this Section shall be borne by Developer. Developer shall be permitted to execute and record any amendment to this Declaration or Condominium Map, or both, effectuating the relocation of boundaries of, combination or subdivision, or redesignation of Units. If Developer requires, whether for title purposes, governmental approvals or otherwise, the Board shall ratify the action in connection with effectuating such relocation of boundaries, combination or subdivision, or redesignation of Units, and take such necessary actions in connection therewith if the requirements in this Section have been satisfied. The rights reserved to Developer under this Section shall not apply to a Unit after Developer first conveys such Unit to an unaffiliated third-party purchaser.

J. SIGNS. Except as provided to Developer under this Declaration, no sign, poster, billboard, advertising device or other display of any kind shall be displayed without the prior written approval of the Board.

K. ANTENNAS, SATELLITE DISHES. To the extent permitted by applicable law, no Owner may install any antenna, satellite dish or other transmitting or receiving apparatus in or upon his or her Unit (and/or areas appurtenant thereto), without the prior written consent of the Board from time to time in its sole discretion.

L. UNSIGHTLY ARTICLES. No unsightly articles shall be permitted to remain upon or within any Unit, the Common Elements, or any Limited Common Element so as to be visible from any other portion of the Project.

M. PROHIBITION AGAINST INCREASING ENCLOSED LIVING AREA. The enclosed living area of any Unit (as such living area is depicted on the Condominium Map on the date the Unit is conveyed to an Owner by Developer) may not be increased except as otherwise provided in Articles XVII and XXIII herein. This prohibition includes any partial or full enclosure of any lanai that is adjacent to the Unit.

N. USE OF COMMON ELEMENTS. Each Unit Owner may use the Common Elements in accordance with the purpose for which they were intended without hindering or encroaching upon the lawful rights of the other Unit Owners, subject always to the rights reserved to the Developer herein and in the Master Declarations, and further subject to the provisions of the Act.

Notwithstanding anything provided herein to the contrary, as long as there are unsold Units in the Project, the provisions of this Article VI shall not apply to the Units owned by Developer or the Limited Common Elements appurtenant thereto, or to any improvements proposed or made by Developer in connection with its development, construction, promotion, marketing, sales, or leasing of any Unit or any portion of the Project.

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THE ABOVE SUMMARY IS NOT INTENDED TO BE A THOROUGH AND EXHAUSTIVE EXPLANATION OF ALL USE RESTRICTIONS CONTAINED IN THE DECLARATION, BYLAWS, HOUSE RULES AND OTHER CONDOMINIUM DOCUMENTS. WHILE A PURCHASER CAN USE THIS SUMMARY AS A GENERAL SUMMARY OF SUCH USE RESTRICTIONS, PURCHASERS SHOULD REFER TO THE CONSTITUENT DOCUMENTS AND THE MASTER DECLARATIONS OF THE PROJECT TO DETERMINE ALL OF THE USE RESTRICTIONS THAT MAY APPLY. IF ANY CONFLICT OR DIFFERENCE EXISTS BETWEEN THIS SUMMARY AND THE MASTER DECLARATIONS, DECLARATION, BYLAWS, HOUSE RULES OR OTHER DOCUMENTS OF THE PROJECT, SUCH DOCUMENTS WILL CONTROL.